# Canadian Pacific Investments Limited

**Proceedings at the Annual and Special General Meeting of Shareholders Monday, April 30, 1979**

Le Château Champlain
Place du Canada
Montreal, Canada

JUN 8 1979

**Canadian Pacific Investments Limited**
**Montreal, Canada**

*The following is a summary of the business transacted a the Annual and Special General Meeting of Shareholders held at Montreal, Canada, on April 30, 1979.*

Mr. Ian D. Sinclair, Chairman of the Company, presided at the meeting and Mr. G. S. MacLean, General Manager, Administration, and Corporate Secretary, acted as secretary.

After notice of the meeting had been read and the Report of the Scrutineers as to a quorum had been received, the Chairman declared the meeting to be regularly called and properly constituted for the transaction of business.

Minutes of the last Annual Meeting of Shareholders held on May 1, 1978, were confirmed.

The Auditors' Report to the Shareholders having been read, the Chairman, on behalf of the directors, placed before the meeting the Report of Directors, accompanying Consolidated Financial Statements and Report of the Auditors thereon for the year ended December 31, 1978.

The President of the Company, Mr . W. Moodie, then addressed the meeting as set out in this booklet, beginning at page 3.

The secretary read By-law No. 18, enacted by the directors on March 5, 1979, which increased the number of directors of the Company from fourteen to sixteen and which required sanction by at least two-thirds of the votes cast at the meeting. By-law No. 18 was then sanctioned and confirmed as a by-law of the Company.

The following were duly elected as directors of the Company to hold office until the next Annual Meeting of Shareholders:

Mr. W. A. Arbuckle
Mr. F. S. Burbidge
Mr. F. E. Burnet
Mr. A. M. Campbell
Mr. Robert W. Campbell
Dr. John Macnamara
Mr. Angus A. MacNaughton
Mr. W. Earle McLaughlin
Mr. Paul A. Nepveu
Mr. S. E. Nixon
Mr. Paul L. Paré
Mr. Neil F. Phillips, Q.C.
Mr. C. Douglas Reekie
Mr. Ian D. Sinclair
Mr. R. D. Southern
Mr. W. J. Stenason

Price Waterhouse & Co. were appointed Auditors of the Company for the ensuing year and the Board of Directors was authorized to fix the remuneration to be paid to the Auditors.

Before proceeding to the adoption of a Special Resolution to authorize the directors of the Company to apply for a Certificate of Continuance of the Company under the Canada Business Corporations Act, a resolution waiving a separate vote by the holders of the Common Shares as a class in respect of the Special Resolution was unanimously adopted.

The Special Resolution authorizing an application for continuance of the Company under the Canada Business Corporations Act and approval of the articles of continuance was then adopted by unanimous consent of the votes cast at the meeting.

By-law No. 1, a new by-law to govern the affairs of the Company upon issuance of a Certificate of Continuance, was approved.

*After the shareholders' meeting, the directors met and elected Officers of the Company and the Executive Committee as follows:*

Officers of the Company

Mr. Ian D. Sinclair, Chairman of the Company and Chief Executive Officer
Mr. Paul A. Nepveu, Vice-Chairman
Mr. W. J. Stenason, President
Mr. R. S. DeMone, Vice-President Finance and Accounting

The Executive Committee

Mr. W. A. Arbuckle
Mr. F. S. Burbidge
Mr. A. M. Campbell
Mr. W. Earle McLaughlin
Mr. Paul A. Nepveu
Mr. Paul L. Paré
Mr. Ian D. Sinclair

*Text of address by the President, Mr. W. Moodie, to the Annual and Special General Meeting of Shareholders at Montreal, Canada, April 30, 1979.*

Good morning ladies and gentlemen:

I would like to add my welcome to that already extended to you by the Chairman, and to thank you for your interest in Canadian Pacific Investments, as evidenced by your presence at this 17th annual meeting of the Company's shareholders.

Nowadays, words like "valedictory" are out of style. This is an age when the four-letter word is more commonly used than the five-syllable one. It therefore takes a bit of courage to think of a word like "valedictory", let alone use it. So even though it has a certain shade of meaning for someone of my generation that "farewell" doesn't have, I shall adapt to the times and describe my remarks to you today as my "farewell address". As indicated by the Chairman, and unlike many other office holders at this particular time, I am not running for re-election.

For just over four years, I have had the honour of being President of Canadian Pacific Investments Limited. This is a relatively short period. But it has been an eventful time, in which opportunities and perplexities have jostled one another continuously. It is best left to others to assess the contribution that I have been able to make to the development of the Company. I shall only say that I was fortunate to have come into it when its foundations had been soundly laid, its basic structure was in functioning order and both were compatible with, and made provision for, future expansion. It has been my privilege to have had some part in shaping and implementing some of that expansion. Whatever I have managed to achieve would not have been possible without the cooperation of as capable, enthusiastic and dedicated a group of people as any executive could want. From my experience with the affairs of the Company and its subsidiaries, I can say without any reservation that the interests of investors in Canadian Pacific Investments have been, and will continue to be, well served. Moreover, in serving those interests the Company through its subsidiaries will continue to make a major contribution to the Canadian economy in every sense — giving good value to customers, generating employment at fair wages, and being a responsible corporate citizen.

In pursuing its object of orderly growth, the Company has depended on both internal expansion and acquisitions. The guiding philosophy has been to increase earnings from a broad range of earnings sources. In the case of existing subsidiaries, this usually involves discernment by their individual managements of profitable market opportunities and the development of programs to take advantage of them. Sometimes this means further integration of operations, sometimes diversification, sometimes both. But although we expect — and get — a high degree of self reliance on the part of our subsidiary managements in developing their respective companies, we are active participants with them in their planning. We try to bring to that process a breadth of business judgment and access to resources that might make the difference between a little success and a great success. We think this has been of benefit not only to shareholders of CPI, but to minority shareholders in the subsidiaries as well.

In citing a few subsidiaries which have recently completed expansion programs, I certainly do not want to suggest that there is not more to come for any or all of them. One important example is Great Lakes Forest Products, which in 1976 completed a three-year program that included a 250,000 ton-per-year kraft pulp mill, a doubling of the capacity of its stud mill, construction of a waferboard-particleboard plant and additional roads, camps and harvesting facilities to ensure the increased volume of wood required by the expanded operations. Cominco is another example. It has built a new ammonia-urea complex east of Calgary, brought into production a new lead-zinc mine in Spain, and completed a new shaft at its Con gold mine which, together with an enlarged mill, increases production capacity by 30 percent. PanCanadian Petroleum, in addition to having accelerated its exploration and development activities, only last year acquired a 5% interest in the Syncrude project which, together with its interest in the Marguerite Lake project, will ensure it substantial participation in long term energy development. Marathon Realty has greatly expanded its portfolio of shopping centres, office buildings and industrial buildings.

An important aspect of our pursuit of greater market and geographical diversification is the growth of our investment in the United States. As I have previously pointed out, Cominco has long been active, through a U.S. subsidiary, in production and marketing in the U.S.

of fertilizers, metals and electronic materials. Algoma Steel has interests in coal mines and iron mines located in two states. PanCanadian, through a subsidiary, engages in oil and gas exploration in a number of states. In addition, Marathon Realty has purchased office properties in Atlanta, Georgia, and is constructing new office buildings in San Francisco and Portland, Oregon. CP Hotels will soon be managing its first U.S. hotel, which is now under construction in Philadelphia.

The acquisition in 1976 of Baker Commodities, a western rendering company based in Los Angeles, and of Syracuse China in April of last year gave us further potential for growth in the U.S.

Purchases of additional shares of Dominion Bridge, together with our interest in Algoma's 43% holding, have given the Company a controlling interest in Dominion Bridge. DB's wholly-owned U.S. subsidiary, AMCA International Corporation is actively expanding, and last year about 90% of DB's net income was from operations in the U.S. and international sector.

Reflecting these developments, the Company's net property investment in the U.S. was up from $185 million, equal to 7% of the total, at the end of 1977 to $342 million, equal to 11% of the total, at the end of 1978.

At present, negotiations are going on in connection with the purchase of the Carey Salt and Wollastonite Divisions of Interpace Corporation of New Jersey and we anticipate completion of this transaction towards the end of next month. Carey Salt is a major producer of salt positioned in the higher value end of the market selling into the U.S. midwest and four southern states. Earnings have been stable over time and show promise of a reasonable growth rate. Wollastonite is an industrial mineral used in the manufacture of ceramics, refractories, coatings and plastics. We are optimistic about its market growth potential and we view this acquisition as the nucleus for development by CPI in the industrial minerals field in both the U.S. and Canada.

The level of a Company's earnings is a key test of the appropriateness of the policies its management adopts and follows. I know you will agree that our policies pass this major test. In 1978, at $274 million, the Company's net income was triple what it was five years earlier, and 28% higher than in 1977. What is particularly encouraging is that, diverse as the Company's activities are, most sectors have contributed to the earnings growth.

As the annual report pointed out, the results of 1978 reflect the potential that CPI has, and so far in 1979 it is clear that even more of its potential is being realized. In the first quarter, and my next few comments relate specifically to first quarter performance, consolidated net income amounted to $84 million, or $1.38 per common share. This was an increase of $26.7 million, or 44¢ per share, over restated earnings for the same quarter of last year.

Most sectors contributed to the increase, but the metal mining sector was particularly strong, and buoyant conditions were also evident in the results of forest products and iron and steel.

Income from Cominco was up sharply. The main factors in the significantly better results were higher prices and sales volume of lead, zinc and silver.

After a record year in 1978, Great Lakes Forest Products continued a strong performance in the first quarter of 1979. The increase in its income was attributable to a larger exchange premium on the U.S. dollar, higher shipments — especially of kraft pulp — and better prices. Pacific Logging also reported higher earnings.

Algoma Steel's sales, raw steel production and steel product shipments broke last year's first quarter record levels. The improvement was due to higher volume and increased selling prices, a significant improvement in product mix and a high level of productivity. Dominion Bridge itself reported record earnings for the quarter, but this did not carry through to CPI because of the effect of exchange on the translation of DB accounts into Canadian dollars. Income from Steep Rock Iron Mines was down because of lower royalty income and higher costs related to the forthcoming termination of operations at Atikokan.

Marathon Realty had an exceptionally good quarter. Its income included a gain on the sale of an interest in the Four Seasons Hotel in Calgary and, in addition, gains on property sales were up and income from operation of commercial properties was higher.

Syracuse China Corporation, which was acquired in the second quarter of 1978, contributed to the higher income from Other operations.

Income from PanCanadian Petroleum was below the first quarter income of 1978 restated for the tax reduction.

There was a reduction in the loss from hotel operations as occupancy rates improved slightly and

average room rates moved up. A loss in the Finance group was due to Chateau Insurance, which is operating in intensely competitive markets and had an unusually high claims experience in the period.

We are optimistic about the outlook for the balance of the year. Some further rises in costs can be expected, particularly for energy, and the upward movement of the Canadian dollar may adversely affect earnings in some sectors. However, demand is expected to remain strong, and prices favourable for key commodities like lead and zinc, steel products, pulp and paper and lumber.

In thinking about what ideas I most wanted to put across to you in this my final address, I thought it prudent to review what I had said on previous occasions, so as to avoid either contradicting, or repeating myself. Not unexpectedly, I discovered that my views on the subjects I had dealt with at past meetings had not changed, so that eliminated the possibility of contradiction.

The fact was that with the passage of time and with further experience, most of the views I had expressed had been confirmed and strengthened. This led me inevitably to the thought that perhaps repeating myself was not such a bad idea after all. I remembered the story of Cato the Elder, the ancient Roman statesman who perceived the dire threat that the ambitions of the city-state of Carthage posed to Rome's security. Thus, every time that Cato spoke or wrote, on any question whatsoever, he invariably ended with — the Latin equivalent of — "In conclusion, let me remind you that Carthage must be destroyed".

The gravest threat to our society that I see, and that I think worth warning about again and again, is the extent of control that governments have come to exercise over our economic lives. Why do I choose this above, say, the energy problem, with all the consequences it has for our well-being, both in the very short run and over the longer term? It's best to let Milton Friedman answer that one. He says:

> "We've always had a finite amount of energy . . . We had finite supplies of wood in the early pioneer days. How did we make the transition from using wood to using coal, from using coal to using oil, from using oil to using natural gas? How in God's name did we make that transition without a Federal Energy Agency?"

If I were to pick any one of a half dozen other threats to economic progress, whether it be inflation, unemployment, regional disparities, or the tensions between the richer nations and the poorer ones, I would eventually come to having to talk about the heavy hand of governments. And in every case, I would echo the conclusion of President Carter's chief economic adviser that:

"Ten years ago government was widely viewed as an instrument to solve problems; today government itself is widely viewed as the problem."

If it is the case that government is now seen as the problem, why is it so necessary to labour the point? There are certainly many who have shared my concern in the past who now believe that the trend has been reversed, that governments have correctly interpreted the signals of public dissatisfaction, and are trimming themselves down to more acceptable size. Those who take this optimistic view, point to such things as governments' commitments to restraint in spending, to the changes in recent budgets that give the private sector much needed incentives, to the consultative process between governments, business and labour that was launched early in 1978 and is now functioning, to government initiatives in seeking to reduce the burden of regulation on the private sector.

These are all favourable developments, and are most welcome. However, I view them as only the first tentative steps on what will be a long road back to economic realism. After all, it is getting close to half a century since the great depression justified, and the emergence of Keynesian economics provided the blueprint for, large-scale intervention by governments in economic affairs. In the intervening years, as the scale of the intervention multiplied, vested interests have developed and power bases have been built which it can be expected will be skillfully and tenaciously defended.

In addition, a generation of the young has grown up that takes big government for granted. It's all they've ever known, and a good deal of their highly important informal education has centred on how to manipulate government programs. So a process of popular re-education is essential if the drive for less government interference in our lives is to be sustained at the level that will ensure ultimate success.

While my primary target is government interference in economic matters, I am concerned, as every citizen ought to be, with the other dangers of swollen

governmental powers. I can lay no claim to expertise in matters of political philosophy, but I think it worthwhile to quote here Walter Lippman, who wrote with great insight and foresight 40 odd years ago:

"The predominant teachings of this age are that there are no limits to man's capacity to govern others and that therefore no limitations ought to be imposed on government. The older faith, born of long ages of suffering under man's dominion over man, was that the exercise of unlimited power by men with limited minds and self-regarding prejudices is soon oppressive, reactionary and corrupt. The older faith taught that the very condition of progress was the limitation of power.

For the time being, this tested wisdom is submerged . . .

It may be that men may have to pass through a terrible ordeal before they find again the central truths they have forgotten."

On the economic side, it is arguable that the present ordeal of inflation and low growth is what it takes to lead us to re-discover central economic truths that have been forgotten. None of these truths is more fundamental than that scarcity is the basic economic problem. Cyclical changes of many types — and I do not lightly dismiss them — may obscure this from time to time. But scarcity is a fundamental aspect of the relationship between the planet earth and the people who inhabit it. For as long into the future as any of us can see, the prospects are that the resources of arable land, of raw materials and of energy to transform them and transport them for human use, will be more limited than human needs, and unquestionably more limited than human desires.

The preoccupation of the past four and a half decades, however, has been to redistribute income, not create it. While concern with income distribution is legitimate enough, and some corrective action may have been necessary in the interest of greater social stability, the result of excesses in this direction has been to reduce both the means and the incentive to produce. Low levels of new investment and lagging growth in productivity reflect the difficulties the business community has encountered in trying to function in an environment that has, until fairly recently, been more scornful than supportive of its activities.

The incentive to save and to invest in the capital goods which expand output from human effort is provided by the prospect of earning a return on the

investment. In recent times, as Irving Kristol points out, governments do not mind people making money but they object strongly to their keeping it. Now, obviously, people aren't going to go out and take risks in order to make money they can't keep. It is at this point that the socialists and other planned economy devotees range themselves smugly on the side of the angels and denounce the profit motive as crass, and the market economy as inefficient. They see the needs of people being better served by an economy managed by an "enlightened" government, than by thousands of entrepreneurs, each pursuing his own individual interest. Not for them even the barest recognition of the fact that self interest is a powerful motivator. Much less would they acknowledge that if given rein, self interest can work to promote wealth and hence the means for great social good. They prefer the dream to the reality. They conjure up in their minds some elite that can know all and do all. What folly. Hayek describes this as intellectual fraud, a "pretense of knowledge". No one person, nor any group of persons can effectively run an economic system. Anyone with a nodding acquaintance of what is involved in even a routine computer application in a single business would know that it was either arrogance or stupidity to claim that computers have finally made it possible to manage a modern, complex economy effectively. Someone once estimated that to translate the American economy into mathematical terms would require several trillions of equations. I would guess that like so many estimates of government's budget deficits, that one is also an under-estimate.

In the Soviet bloc economies, where centralized planning was heralded as the means to give the workers so much more than unplanned capitalism would — or could — consumers are confronted daily with shortages of simple foodstuffs and of the most modest of life's amenities, and queuing for purchases is the norm. Even Sweden, that showcase, that model of the combination of planning and democracy, is proving a disappointment. A 1976 study by Hudson Research, Europe, showed that Sweden had the slowest growth rate of 14 industrialized nations. Quite recently many of you will have noticed the press reports that high tax rates in Sweden have driven people so deeply into leisure that policy makers are discussing ways of taxing that! The Hudson study showed that only Britain was lower on the growth scale than Sweden, and that the

lowest overall growth rates were in those countries where the government sector was the largest. Other studies, notably those by Walter Eltis and Robert Bacon, using a 19-nation sample during the 1960's, support the Hudson findings and conclude that "expansion of government in the Western industrial nations results in falling investment and plunging growth rates".

Still, the idea persists that there ought to be a better way, something nobler than self interest and more secure than the hazards and risks of the market place. Well, maybe there ought to be. But no one has yet found it. Ever since mankind was banished from Eden, life has been hard, and the greatest strides that have been taken towards making it easier have not been the result of government edicts. One of the more bitter ironies of modern times is that the very people — the poor — whom the social planners and interventionists proclaimed as their special concern - are the ones who suffer most from the ravages of the inflationary spiral that planning and intervention have set in motion.

If we continue on the path we have been following for many years, we will prove the old communist dogma half right — for the poor will get poorer — and we will prove it half wrong — for the rich will also get poorer. If, however, we learn from our experience and begin systematically to restore to the private sector its proper functions that governments have usurped, the economy will thrive once again. Under conditions of reasonable economic growth, many of the problems that now seem intractable would prove to be manageable.

If you ask me whether our society has the understanding, the maturity and the will to make this breakthrough, I would have to say that I don't really know. I would add, however, that I have great respect for the common sense of our citizens. I think that many an average man and woman was ahead of the average economist in recognizing that governments at all levels were spending more money than the country could afford. I think there is a good, solid, basic resistance to having one's affairs managed by "big brother". I can only hope, as we all must, that these characteristics will find full expression in defending the economic freedoms that underlie our political liberty.

In past years I have always concluded my comments with a personal tribute to the officers and employees of the operating companies. This year, for me at least, the words have a special significance since this is the last

occasion on which I shall have an opportunity to voice publicly my appreciation for their efforts.

Canadian Pacific Investments is a dynamic company with an illustrious past and an even more promising future. The measurement of its success is found in the sum total of the results of the operating companies and these results in turn are generated through the expertise and dedication of a whole host of people in our 16 operating companies. I thank all those people most sincerely for the noteworthy contribution they have made in 1978.

I also express to my fellow directors my thanks for their unfailing support during my term in office. Placed as I have been between an experienced and very knowledgeable Chief Executive Officer and a capable and tireless Executive Vice-President and backed by a highly competent staff my role, if not a sinecure, has been as pleasant and worry-free as any President has a right to expect. I am indebted to them all for their assistance and cooperation over the last four years.

As a final word I would also like to voice my appreciation to the shareholders of the Company and express the hope that their expectations have been fully met.

As to the future, next year at this approximate time I shall join you in the audience, confident in the knowledge that the incoming president will be reporting to us that 1979 has been a year of even greater progress.

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shares to its shareholders which, if fully exercised, would raise about $86 million. CPI and Algoma will subscribe for their entitlement at an approximate cost of $7.5 million and $37 million, respectively.

Earnings of Marathon Realty were up reflecting increases in income from office buildings and shopping centres. The decrease in income in the second quarter is attributable to a major sale in that quarter last year.

Income from other operations increased mainly as a result of Syracuse China, which was consolidated from May, 1978. Baker Commodities, Inc. is acquiring Corenco Corporation, a Boston-based company engaged in the rendering business and food processing operations. The cost will be approximately $16 million. Processed Minerals Incorporated, a new subsidiary of Canellus Inc., expects to complete shortly the acquisition of the Carey Salt and Wollastonite divisions of Interpace Corporation for approximately $32 million.

Income from PanCanadian Petroleum was down slightly from restated income for the first half of 1978. During the first six months of 1979, exploratory drilling in which PanCanadian participated resulted in 41 oil and 114 gas wells, and the development drilling program yielded 44 oil and 149 gas wells.

An improvement in hotel occupancy rates and average room rates contributed to a reduction in the loss from hotel operations. In the finance group Chateau Insurance continued to experience severe competition in all its insurance lines and heavy losses on claims.

For the balance of the year, prospects for oil and gas, kraft pulp, newsprint and finished steel products are favourable, but certain metal and lumber prices could come under pressure.

As announced in June, the Company intends to make a public offering of approximately five million additional common shares. It is expected that the shares will be offered for sale in Canada in the week of July 30, 1979.

Vice-Chairman

Chairman and
Chief Executive Officer

Montreal, July 26, 1979

# Canadian Pacific Investments Limited

Report for
the six months
ended June 30, 1979

Report for the six months ended June 30, 1979

# Canadian Pacific Investments Limited

## To the Shareholders:

For the first six months of 1979 consolidated net income amounted to a record $187.1 million, an increase of $62.5 million, or 50.2% over the restated net income of the corresponding period of the previous year. This amounted to $3.08 per common share compared with $2.05 per common share in the same period of 1978.

The higher earnings reflected increases in most sectors, particularly metal mining, forest products and iron and steel.

Income from Cominco, amounting to $48.1 million, was up sharply from the $12.5 million of the first half of 1978. Strong demand and tight supply resulted in significantly improved prices for lead. Zinc prices also improved, reflecting gradually increasing demand and declining inventories. Prices for gold and silver, as well as most other metals, also strengthened. Another favourable factor was the relationship of the Canadian dollar to other currencies. Despite higher coal shipments, income of Fording Coal was unchanged, as a result of increased production costs stemming from major equipment repairs.

Income from Great Lakes Forest Products amounted to $10.3 million, up $6.3 million because of increased shipments, especially of kraft pulp, higher prices and a larger exchange premium on the U.S. dollar. An increase of $5.8 million in the income from Pacific Logging was attributable to significantly higher log and lumber prices and increased lumber volume.

Income from Algoma Steel rose to $24.6 million from $15.1 million in the first half of 1978. This record performance reflected higher shipments of finished steel products, better product mix and prices, and some further improvement in operating efficiency. Termination costs associated with the winding down of operations at Atikokan led to a decline of $1.3 million in earnings from Steep Rock, and income from Dominion Bridge was essentially unchanged, after translation of that company's accounts into Canadian dollars. Dominion Bridge is currently offering rights for new common

Unaudited (in thousands)

| Statement of Consolidated Income | Quarter ended June 30 | | Six months ended June 30 | |
|---|---|---|---|---|
| | **1979** | 1978 | **1979** | 1978 |
| Oil and gas* | **$ 33,426** | $32,388† | **$ 68,776** | $ 69,653† |
| Mines and minerals* | **32,641** | 11,439 | **54,665** | 19,091 |
| Forest products* | **10,506** | 4,187 | **19,607** | 7,400 |
| Iron and steel* | **17,553** | 12,223 | **28,488** | 20,392 |
| Real estate* | **3,798** | 5,175 | **11,041** | 7,493 |
| Hotels and food services | **849** | (1,390) | **(1,849)** | (5,040) |
| Finance | **(65)** | 548 | **(193)** | 1,244 |
| Other operations | **2,900** | 1,887 | **4,896** | 2,905 |
| Investment income | **1,500** | 883 | **1,639** | 1,445 |
| Net income (after income taxes of $98,172,000; 1978—$62,869,000†; six months—$172,002,000; 1978—$94,973,000†) | **$103,108** | $67,340 | **$187,070** | $124,583 |
| Earnings per common share | **$1.70** | $1.11 | **$3.08** | $2.05 |

*After interest of outside shareholders.

†Restated to give effect to retroactive income tax regulation amendments providing for accelerated deduction of earned depletion.

| Statement of Changes in Consolidated Financial Position | Six months ended June 30 | |
|---|---|---|
| | **1979** | 1978 |
| **Source of Funds** | | |
| Funds from operations* | **$480,067** | $330,241 |
| Sale of investments | **3,209** | 4,227 |
| Issuance of long term debt | **212,955** | 110,257 |
| Proceeds from disposal of properties | **36,318** | 19,051 |
| Issuance of preferred shares by subsidiaries | **—** | 50,000 |
| Working capital of subsidiaries acquired and consolidated | **—** | 127,093 |
| | **$732,549** | $640,869 |
| **Application of Funds** | | |
| Additions to properties | **$271,974** | $222,815 |
| Additions to investments | **15,593** | 28,428 |
| Investment in subsidiaries acquired and consolidated | **1,720** | 27,676 |
| Reduction in long term debt | **127,385** | 34,577 |
| Dividends declared | **39,476** | 21,571 |
| Dividends paid outside shareholders of subsidiaries | **37,903** | 22,882 |
| Sundries (net) | **15,580** | 17,422 |
| Increase in working capital | **222,918** | 265,498 |
| | **$732,549** | $640,869 |

*Net income before the following: depreciation, depletion and amortization, deferred income taxes and outside shareholders' interest in income of subsidiaries.

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# Canadian Pacific Investments Limited

MAR 23 1979

## Notice of Annual and Special General Meeting of Shareholders

The Annual and a Special General Meeting of the Shareholders of Canadian Pacific Investments Limited will be held on Monday, April 30, 1979, at Le Château Champlain, Place du Canada, Montreal, Quebec, at 11:00 a.m. (daylight saving time, if operative), for the following purposes:

a. to receive the Report of the Directors, accompanying Consolidated Financial Statements and Report of the Auditors thereon, for the year ended December 31st, 1978;

b. to consider and, if deemed fit, to sanction By-law No. 18, enacted by the Board of Directors on March 5, 1979, increasing the number of directors of the Company from fourteen to sixteen;

c. to elect directors;

d. to appoint the auditors and to authorize the Board of Directors to fix their remuneration;

e. to consider and vote upon a Special Resolution to authorize the directors to apply for a Certificate of Continuance under the Canada Business Corporations Act which will enable the Company to be continued under that Act under the name "Canadian Pacific Investments Limited — Investissements Canadien Pacifique Limitée", and to approve the proposed Articles of Continuance;

f. to consider and, if deemed fit, to sanction By-law No. 1, enacted by the Board of Directors on March 5, 1979, to become effective upon issuance of the Certificate of Continuance; and

g. to transact such other business as may properly come before the meeting.

The Board of Directors has by resolution fixed the time, before which proxies to be used at the Annual and Special General Meeting or any adjournments thereof must be deposited at Montreal, Quebec, with the Company or the Montreal Trust Company as Agent for the Company, at twenty-four hours, excluding Saturdays and holidays, preceding the Annual and Special General Meeting or any adjournments thereof.

By order of the Board,
G. S. MacLean, General Manager, Administration and
Corporate Secretary
Montreal, March 5th, 1979.

*Note: If you are unable to attend the meeting in person, please complete and return the enclosed form of proxy.*

## Information Circular

*(Dated as of February 28, 1979)*

### Solicitation of Proxies

**This information circular is furnished in connection with the solicitation by the management of Canadian Pacific Investments Limited of proxies for use at the annual and special general meeting of shareholders of the Company to be held on Monday, April 30th, 1979, at Le Château Champlain, Montreal, Quebec, and at any adjournments thereof.** The total cost of solicitation will be borne by the Company.

**Appointment of Nominees and Revocation of Proxies**

At all meetings of shareholders of the Company every shareholder is entitled to give one vote for each share then held by him and such vote may be given in person or by proxy whether or not the nominee appointed by such proxy is himself a shareholder.

A shareholder giving a proxy has the right under subsection 108.2(5) of the *Canada Corporations Act* to revoke the proxy by instrument in writing executed by the shareholder or by his attorney authorized in writing or, if the shareholder is a corporation, under its corporate seal or by an officer or attorney thereof duly authorized, and deposited either at the head office of the Company at any time up to and including the last business day preceding the day of the meeting, or any adjournment thereof, at which the proxy is to be used or with the chairman of such meeting on the day of the meeting, or adjournment thereof.

**Voting Shares as Specified**

Shares represented by properly executed proxies in favour of the persons designated in the printed portion of the enclosed form of proxy will be voted or withheld from voting, as specified therein, on any ballot that may be called for and, where the shareholder specifies a choice with respect to any matter to be acted upon, such shares will be voted in accordance with any specification so made. **IN THE ABSENCE OF SUCH SPECIFICATION, SUCH SHARES WILL BE VOTED FOR THE SANCTIONING OF BY-LAW NO. 18, THE ELECTION OF DIRECTORS, THE APPOINTMENT OF AUDITORS AND THE GRANTING OF AUTHORITY TO THE BOARD OF DIRECTORS TO FIX THE AUDITORS' REMUNERATION, THE PASSING OF THE SPECIAL RESOLUTION AUTHORIZING CONTINUANCE AND THE SANCTIONING OF BY-LAW NO. 1, AS STATED UNDER THE HEADINGS "BY-LAW AMENDMENTS", "ELECTION OF DIRECTORS", "APPOINTMENT OF AUDITORS", "CONTINUANCE OF THE COMPANY UNDER THE CANADA BUSINESS CORPORATIONS ACT" AND "SANCTIONING OF BY-LAW NO. 1" IN THIS CIRCULAR.**

**Exercise of Discretion by Nominees**

The enclosed form of proxy confers discretionary authority upon the persons named therein with respect to amendments or variations to matters identified in the notice of meeting, and with respect to other matters which may properly come before the meeting. At the date of this information circular, the management of the Company knows of no such amendments, variations or other matters to come before the meeting.

**Voting Shares**

On February 28th, 1979, there were entitled to be voted at the meeting 60,704,118 Common Shares without nominal or par value, each carrying one vote, and 38,962 4¾% Cumulative Redeemable Convertible Voting Preferred Shares, Series A, each carrying one vote. The Company has not fixed a record date and, in accordance with the *Canada Corporations Act,* subsection 105(5), the failure of any shareholder of the Company to receive a notice of the time and place for holding a meeting of shareholders of the Company does not deprive the shareholder of a vote at the meeting if the shareholder is registered on the books of the Company at least forty-eight hours, excluding Saturdays and holidays, before the time set for the meeting. As of February 28th, 1979, Canadian Pacific Limited owned 50,000,000 Common Shares representing 82.31% of the voting shares of the Company.

**By-law Amendments**

The meeting has been called as a special general meeting of shareholders for the purpose of considering and, if deemed fit, to sanction By-law No. 18, which was enacted by the Board of Directors on March 5th, 1979 and provides for an increase in the number of Directors of the Company from fourteen to sixteen. Sanction of this By-law will require the affirmative votes of at least two-thirds of the votes cast at the meeting.

**Election of Directors**

With the sanctioning of By-law No. 18 by the shareholders, the Board of Directors shall consist of sixteen directors. Each director elected will hold office until the next annual meeting of shareholders and until his successor is duly elected. The persons listed on the following pages, except Mr. W. Earle McLaughlin, Mr. Paul A. Nepveu and Mr. C. Douglas Reekie who are not now directors, will retire as directors at the forthcoming annual and special general meeting of shareholders on April 30th, 1979, and they are eligible and will be nominated for re-election. In addition thereto, Messrs. W. Earle McLaughlin, Paul A. Nepveu and C. Douglas Reekie are eligible and will be nominated for election as directors. The management does not contemplate that any of the nominees will be unable to serve as directors but, if that should occur for any reason prior to the meeting, the persons named in the enclosed form of proxy reserve the right to vote for another nominee in their discretion. Information as of February 28th, 1979, as to the sixteen nominees (excepting Mr. W. Earle McLaughlin, Mr. Paul A. Nepveu and Mr. C. Douglas Reekie for whom the information is as of March 5th, 1979) is as follows:

| Names of nominees and offices held in Company | Date on which present term of office expires | Major offices held in significant affiliated companies | Principal occupation or employment | Director since | Number of shares of Company or Canadian Pacific Limited beneficially owned |
|---|---|---|---|---|---|
| *†W. A. Arbuckle | April 30, 1979 | Nil | Chairman, Tioxide Canada Inc., Montreal. | 1964 | 10,000 Common Shares of C.P. Investments Limited<br>5,500 C.P. Limited Ordinary Shares |
| * F. S. Burbidge | April 30, 1979 | President and Director — Canadian Pacific Limited; Director — Cominco Ltd. and Soo Line Railroad Company | President, Canadian Pacific Limited, Montreal. | 1972 | 400 Common Shares of C.P. Investments Limited<br>5,200 C.P. Limited Ordinary Shares |
| F. E. Burnet | April 30, 1979 | Director — Cominco Ltd. | Chairman of the Executive Committee, Cominco Ltd., Vancouver. | 1973 | 400 Common Shares of C.P. Investments Limited |
| *†A. M. Campbell | April 30, 1979 | Nil | Chairman of the Executive Committee, Sun Life Assurance Company of Canada, Toronto. | 1962 | 7,700 Common Shares of C.P. Investments Limited<br>2,500 C.P. Limited Ordinary Shares |
| Robert W. Campbell | April 30, 1979 | Director — Cominco Ltd. and PanCanadian Petroleum Limited | Chairman of the Board and Chief Executive Officer, PanCanadian Petroleum Limited, Calgary. | 1973 | 200 Common Shares of C.P. Investments Limited |
| John Macnamara | April 30, 1979 | Director — Dominion Bridge Company, Limited and The Algoma Steel Corporation, Limited | President and Chief Executive Officer, The Algoma Steel Corporation, Limited, Sault Ste. Marie. | 1975 | 200 Common Shares of C.P. Investments Limited |
| † Angus A. MacNaughton | April 30, 1979 | Nil | Vice Chairman and Chief Executive Office, Genstar Limited, Montreal. | 1975 | 1,000 Common Shares of C.P. Investments Limited |
| W. Earle McLaughlin | | Director — Canadian Pacific Limited and The Algoma Steel Corporation, Limited | Chairman of the Board, The Royal Bank of Canada, Montreal, a Canadian Chartered Bank. | | 6,000 Common Shares of C.P. Investments Limited<br>3,000 C.P. Limited Ordinary Shares |
| Paul A. Nepveu, Vice-President Finance and Accounting | | Director — The Algoma Steel Corporation, Limited | Vice-President Finance and Accounting, Canadian Pacific Limited, Montreal. | | 550 Common Shares of C.P. Investments Limited<br>250 C.P. Limited Ordinary Shares |
| † S. E. Nixon | April 30, 1979 | Director — Cominco Ltd. | Corporate Director, Montreal. | 1962 | 2,000 Common Shares of C.P. Investments Limited |
| * Paul L. Paré | April 30, 1979 | Director — Canadian Pacific Limited | President and Chief Executive Officer, Imasco Limited, Montreal. | 1974 | 5,000 Common Shares of C.P. Investments Limited<br>5,000 C.P. Limited Ordinary Shares |
| Neil F. Phillips, Q.C. | April 30, 1979 | Nil | Partner, Phillips & Vineberg, Montreal. | 1977 | 250 Common Shares of C.P. Investments Limited |
| C. Douglas Reekie | | Nil | President and Chief Executive Officer, CAE Industries Ltd., Toronto, a holding and management company. | | — |
| * Ian D. Sinclair, Chairman and Chief Executive Officer | April 30, 1979 | Chairman and Chief Executive Officer and Director — Canadian Pacific Limited; Vice-President and Director — Cominco Ltd. and PanCanadian Petroleum Limited; Director — Great Lakes Forest Products Limited and Soo Line Railroad Company | Chairman and Chief Executive Officer, Canadian Pacific Limited, Montreal. | 1962 | 30,000 Common Shares of C.P. Investments Limited<br>7,625 C.P. Limited Ordinary Shares<br>1,000 C.P. Limited Pfd. Shares Series A |
| R. D. Southern | April 30, 1979 | Nil | President and Chief Executive Officer, ATCO Ltd., Calgary. | 1974 | 1,000 Common Shares of C.P. Investments Limited |

| Names of nominees and offices held in Company | Date on which present term of office expires | Major offices held in significant affiliated companies | Principal occupation or employment | Director since | Number of shares of Company or Canadian Pacific Limited beneficially owned |
|---|---|---|---|---|---|
| W. J. Stenason, Executive Vice-President | April 30, 1979 | Vice-President and Director — Great Lakes Forest Products Limited and Steep Rock Iron Mines Limited; Director — Cominco Ltd., Dominion Bridge Company, Limited, PanCanadian Petroleum Limited and The Algoma Steel Corporation, Limited | Executive Vice-President, Canadian Pacific Investments Limited, Montreal. | 1974 | 200 Common Shares of C.P. Investments Limited 1,750 C.P. Limited Ordinary Shares |

* Member of Executive Committee
† Member of Audit Committee

Mr. W. Earle McLaughlin has been Chairman of the Board of The Royal Bank of Canada since January, 1979 and, prior thereto for fifteen years, was Chairman and Chief Executive Officer of The Royal Bank of Canada.

Mr. Paul A. Nepveu has been Vice-President Finance and Accounting, Canadian Pacific Limited for more than five years.

Mr. C. Douglas Reekie has been President and Chief Executive Officer of CAE Industries Ltd. for more than five years.

**Remuneration of Management and Others**

## Statement

Directors' and Officers' Remuneration from the Company and its Subsidiaries Sub paragraph 33(r) (v) of the Canada Corporations Regulations

**Nature of Remuneration Earned**

| | Directors' fees | Salaries | Bonuses | Non-accountable expense all. | Other | Total |
|---|---|---|---|---|---|---|
| | $ | $ | $ | $ | $ | $ |
| **Remuneration of Directors** | | | | | | |
| (A) Number of directors: Fourteen | | | | | | |
| (B) Body Corporate incurring the expense | | | | | | |
| Canadian Pacific Investments Limited | 70,400 | | | | | 70,400 |
| The Algoma Steel Corporation, Limited | 20,700 | | | | | 20,700 |
| Cominco Ltd. | 48,050 | | | | | 48,050 |
| Dominion Bridge Company, Limited | 19,200 | | | | | 19,200 |
| Great Lakes Forest Products Limited | 8,400 | | | | | 8,400 |
| Midland Simcoe Elevator Company, Limited | 650 | | | | | 650 |
| PanCanadian Petroleum Limited | 9,000 | | | | | 9,000 |
| Pine Point Mines Limited | 2,008 | | | | | 2,008 |
| Steep Rock Iron Mines Limited | 11,650 | | | | | 11,650 |
| **Remuneration of Officers** | | | | | | |
| (A) Number of officers whose aggregate remuneration exceeds $40,000: Five | | | | | | |
| (B) Body Corporate incurring the expense | | | | | | |
| Canadian Pacific Investments Limited | | 326,200 | | | | 326,200 |
| Great Lakes Forest Products Limited | | 4,600 | | | | 4,600 |
| Steep Rock Iron Mines Limited | | 4,800 | | | | 4,800 |
| **Totals** | $190,058 | $335,600 | $ | $ | $ | $525,658 |

**Remuneration of Management and Others (Cont'd)**

The estimated aggregate cost to the Company and its subsidiaries in 1978 of all benefits proposed to be paid under any pension or retirement plan upon retirement at normal retirement age to the persons mentioned in the foregoing table was $71,750.

In April, 1975 an Executive Incentive Performance Plan was initiated by a subsidiary, PanCanadian Petroleum Limited, and was approved by the Board of Directors of that company in August, 1975. Under the Plan certain senior officers and directors, who were then full time employees of PanCanadian Petroleum Limited, may be eligible for additional compensation in the event there is significant growth in the average earnings per share during the four fiscal years 1975 through 1978 and also if the market price of the common shares of PanCanadian Petroleum Limited at April 1st, 1979 is greater than the price thereof on April 1st, 1975. The Plan contemplates continuous employment with PanCanadian Petroleum Limited by the participants during the above period of time. In the year 1978, $551,400.00 was accrued under the Plan in the accounts of the company.

**Interest of Management and Others in Material Transactions during period January 1st, 1978 — February 28th, 1979**

**Canadian Pacific Investments Limited (CPI)**

CPI has undertaken to guarantee the short and long term obligations of its wholly-owned subsidiary, Canadian Pacific Securities Limited, up to an amount fixed by the Board of Directors. At February 28th, 1979, the total amount guaranteed, including accrued interest, was approximately $399,963,000.

In January, 1978, CPI subscribed for 50,000 additional common shares of Canadian Pacific Hotels Limited for a consideration of $5,000,000.

In January, 1979, CPI subscribed for 200,000 7½% non-cumulative redeemable preferred shares and an additional 200,000 common shares of Canadian Pacific Hotels Limited for a total consideration of $40,000,000.

In September, 1978, CPI subscribed for 20,000 additional common shares of Commandant Properties, Limited for a consideration of $1,000,000.

During 1978 and up to February 28th, 1979, CPI acquired an additional 259,250 shares of Dominion Bridge Company, Limited which, when added to those already owned by the Company and by its subsidiary, The Algoma Steel Corporation, Limited, totalled 51.84% of the outstanding shares of Dominion Bridge.

**Canadian Pacific Securities Limited (CPSL)**

During the period loans made by CPSL to CPI and its associated or affiliated companies, less loans repaid by the respective companies, were as follows:

| | |
|---|---|
| Fording Coal Limited | $14,089,000 |

**Canellus International N.V.**

Early in 1978 Canellus International N.V., a wholly-owned subsidiary, was incorporated in the Netherlands to hold the non-Canadian interests of the Company. It established Canellus Incorporated as a wholly-owned United States subsidiary.

**Canellus Incorporated**

At the end of April, 1978, Canellus Incorporated acquired all the outstanding shares of Syracuse China Corporation of Syracuse, N.Y., at a total cost of $22,058,000.

**Marathon Realty Company Limited**

On November 1st, 1978, Marathon Realty Company Limited issued $55,000,000 10% First Mortgage Sinking Fund Bonds, Series A, maturing in 1998.

**Appointment of Auditors**

Price Waterhouse & Co. have served as auditors of the Company since January 31st, 1964 and will be nominated for reappointment to the office of auditors of the Company for a term expiring at the close of the next annual meeting of shareholders to be held in 1980 at a remuneration to be fixed by the Board of Directors.

**Continuance of the Company under the Canada Business Corporations Act**

The Company is currently governed by the Canada Corporations Act (the old act). The Canada Business Corporations Act (the new act) came into force on December 15th, 1975, and, under its provisions, the Company must be continued under that act within five years from said date. It is considered advisable that the Company be continued under the new act at this time under its name Canadian Pacific Investments Limited in its separated English form or Investissements Canadien Pacifique Limitée in its separated French form. The new act provides that the shareholders may, by Special Resolution authorizing such continuance, make amendments to the Letters Patent or Supplementary Letters Patent of a continuing company.

**Continuance of the Company under the Canada Business Corporations Act (Cont'd)**

Certain differences between the old and the new act as they relate to the Company as well as amendments to the present charter of the Company, necessarily consequential to continuance, are as follows:

1. The new act generally provides that all shares should be without nominal or par value. Consequently, it is necessary to restate the capital structure of the Company (referred to as a "Corporation" in the new act) in the Articles of Continuance in order to conform to the new act, which will include changing the Preferred Shares from par value shares to no par value shares. Other minor changes in language have been made to conform with the concepts and terminology employed in the new act but no such change is in any way prejudicial to the shareholders. Principal among these are (i) the substitution of the term "Corporation" for the term "Company"; (ii) the substitution of the term "body corporate" for the term "company"; (iii) the substitution of the term "Articles of Amendment" for the term "Supplementary Letters Patent"; (iv) the deletion of references to the Canada Corporations Act and the insertion, where appropriate, of references to the Canada Business Corporations Act; and (v) the substitution of the term "registered office" for the term "head office". In addition, the capital structure provisions were consolidated by deleting any lapsed or expired provisions such as references to the first payment of a dividend of the Company and to the convertibility rights attaching to the Preferred Shares, Series A.
2. The new act permits an unlimited number of authorized shares. As indicated in the Articles of Continuance, it is proposed that the Common Shares be unlimited as to the authorized number and that the authorized number of Preferred Shares shall be unchanged, remaining at 12,500,000 as authorized under the Company's Supplementary Letters Patent.
3. The new act permits flexibility in the number of directors and, as indicated in the Articles of Continuance, the number of directors of the Corporation will be such number, not less than sixteen nor more than twenty-one, as may be determined from time to time by the directors. The old act requires that a fixed number of directors be stated.
4. Under the new act, a corporation has all the powers of a natural person and is not restricted in the business which it may carry on unless otherwise provided in its Articles. In conformity with this legislative approach, it is not proposed to include in the Articles of Continuance any restriction on the business which the Corporation may carry on.
5. Under the new act, so long as a corporation meets certain solvency tests, it will be permitted to purchase or otherwise acquire shares issued by it. The old act does not allow any such purchases except in limited cases.
6. Under the new act, a majority of the directors or of any committee of the directors of a corporation must be resident Canadians. The old act contains no Canadian residency requirements.
7. Under the new act, if a corporation makes certain amendments to its Articles, shareholders have the right to dissent and to require that corporation to purchase their shares in the corporation for fair value. The old act does not provide for such procedure.

Subject to the passing of the Special Resolution, application will be made immediately to continue the Company under the new act, whereupon the charter of the resulting Corporation will be in the form of the Articles of Continuance forming a part of the Special Resolution. The Special Resolution must be passed by not less than two-thirds of the votes cast in respect thereof at the meeting.

**Sanctioning of By-law No. 1**

By-law No. 1 relates generally to the transaction of the business and affairs of the Company. This By-law is required to govern the affairs of the Company should it be continued under the new act and will replace the Company's existing By-laws.

By-law No. 1 will come into force only as provided therein and only after sanctioning thereof by a majority of the votes cast in respect thereof at the meeting. The full text of By-law No. 1 is included with this information circular.

The contents and the sending of this information circular have been approved by the directors of the Company.

G. S. MacLean
General Manager, Administration
and Corporate Secretary

Dated at Montreal, Quebec, as of February 28th, 1979.

# EXHIBIT "A"

## BY-LAW NO. 18

A by-law to change the number of Directors

Be it enacted and it is hereby enacted as By-law No. 18 of Canadian Pacific Investments Limited as follows:

1. That the number of Directors of the Company shall be sixteen, of whom nine shall constitute a quorum for the transaction of business at any meeting of the Board of Directors.
2. Section No. 14 of General By-law No. 1 as amended by By-laws Nos. 6, 13 and 16 of the Company be and it is hereby amended to accord with the foregoing.

# EXHIBIT "B"

## SPECIAL RESOLUTION OF SHAREHOLDERS AUTHORIZING CONTINUANCE

WHEREAS the Company was incorporated by letters patent dated the ninth day of July, 1962; and

WHEREAS the said letters patent were amended by supplementary letters patent dated 18th July, 1963; 22nd November, 1963; 11th May, 1964; 14th December, 1964; 11th October, 1967; 12th June, 1974; and

WHEREAS it is considered to be in the best interests of the Company that it be continued under the Canada Business Corporations Act pursuant to Section 181 of said Act;

**Be it resolved as a special resolution that:**

1. the directors of the Company are hereby authorized and directed to make application pursuant to Section 181 of the Canada Business Corporations Act (the "Act") to the Director appointed under the Act for a certificate of continuance of the Company;
2. the articles of continuance of the Company under the Act, which have been submitted to this meeting and annexed to the minutes hereof as Schedule A, are approved and all amendments to the aforesaid letters patent and supplementary letters patent of the Company reflected therein are approved;
3. any one of the officers and directors of the Company is hereby authorized to take all such action and execute and deliver all such documentation, including without limitation the said articles of continuance, the notice of registered office and the notice of directors in the forms prescribed by the Act, which are necessary or desirable for the implementation of this resolution.

# EXHIBIT "C"

## ARTICLES OF CONTINUANCE

**1. Name of Corporation**

The name of the Corporation is CANADIAN PACIFIC INVESTMENTS LIMITED — INVESTISSEMENTS CANADIEN PACIFIQUE LIMITEE.

**2. Registered office**

The registered office of the Corporation is situated in the City of Montreal, Quebec.

**3. Capital**

The classes of shares and, where applicable, the maximum number of shares that the Corporation is authorized to issue are as follows:

(a) an unlimited number of Common Shares

(b) 12,500,000 Preferred Shares

The rights, privileges, restrictions and conditions attaching to each class of shares are set out in Schedule "A" annexed to these Articles of Continuance.

**4. Restrictions on share transfer**

There are no restrictions in these Articles on the transfers of shares of the Corporation.

**5. Number of directors**

The Board of Directors of the Corporation shall consist of such number, not less than 16 nor more than 21, as may be determined from time to time by the directors.

**6. Restrictions on business**

There are no restrictions in these Articles on the business which the Corporation may carry on.

**7. Previous name**

The previous name of the Corporation was CANADIAN PACIFIC INVESTMENTS LIMITED — INVESTISSEMENTS CANADIEN PACIFIQUE LIMITEE. (No change in name is contemplated.)

**8. Other provisions**

There are no other provisions.

**SCHEDULE "A"** to the Articles of Continuance of Canadian Pacific Investments Limited — Investissements Canadien Pacifique Limitée.

**The Corporation is authorized to issue:**

**1.** Common Shares, the holders of which are entitled

(a) to vote at any general meeting of shareholders of the Corporation;

(b) to receive any dividend declared by the Corporation, other than a dividend declared in respect of the Preferred Shares; and

(c) to receive, subject to the rights of the holders of the Preferred Shares, the remaining property of the Corporation on dissolution.

**2.** Preferred Shares, which as a class shall be without nominal or par value, issuable in series, and have attached thereto the following preferences, rights, restrictions, conditions, limitations and prohibitions:

(a) The Preferred Shares may at any time and from time to time be issued in one or more series, each series to consist of such number of shares as may, before the issue thereof, be determined by resolution of the board of directors of the Corporation.

(b) The board of directors of the Corporation shall (subject as hereinafter provided), by resolution duly passed before the issue of the Preferred Shares of each series, fix the designation, rights, restrictions, conditions, limitations and prohibitions to be attached to the Preferred Shares of such series, including, but without in any way limiting or restricting the generality of the foregoing, the rate or amount of cumulative preferential dividends, the date or dates and places of payment thereof, the date or dates from which such preferential dividends shall accrue, the rights of the Corporation to purchase the same and to redeem the same in accordance with the provisions of the Canada Business Corporations Act, the consideration and the terms and conditions of any such purchase or redemption, conversion rights, if any, the terms and conditions of any share purchase plan or sinking fund and the restrictions, if any, respecting payment of dividends on any shares ranking junior to the Preferred Shares, the whole subject to the issue of articles of amendment setting forth the designation, rights, restrictions, conditions, limitations and prohibitions to be attached to the Preferred Shares of such series; the foregoing provisions of this paragraph (b) shall not apply in respect of the Preferred Shares Series A, hereinbelow defined.

(c) The Preferred Shares of each series shall, with respect to priority in payment of dividends and in the distribution of assets in the event of liquidation, dissolution or winding up of the Corporation, whether voluntary or involuntary, or any other distribution of the assets of the Corporation among its shareholders for the purpose of winding up its affairs, be entitled to preference over the Common Shares of the Corporation and over any other shares ranking junior to the Preferred Shares and the Preferred Shares of each series may also be given such other preferences over the said Common Shares and any other shares ranking junior to the Preferred Shares as may be determined as to the respective series authorized to be issued.

(d) The Preferred Shares of each series shall rank on a parity with the Preferred Shares of every other series with respect to priority in payment of dividends and in the distribution of assets in the event of the liquidation, dissolution or winding up of the Corporation, whether voluntary or involuntary, or any other distribution of the assets of the Corporation among its shareholders for the purpose of winding up its affairs.

(e) No dividends (other than stock dividends in shares of the Corporation ranking junior to the Preferred Shares) shall at any time be declared or paid on or set apart for payment on the Common Shares or on any other shares of the Corporation ranking junior to the Preferred Shares unless all dividends up to and including the dividend payment for the last completed period for which such dividends shall be payable on each series of the Preferred Shares then issued and outstanding shall have been declared and paid or set apart for payment at the date of such declaration or payment or setting apart for payment on the Common Shares or such other shares of the Corporation ranking junior to the Preferred Shares; nor shall the Corporation call for redemption or purchase for cancellation any of the Preferred Shares (less than the total number of Preferred Shares then outstanding) or any shares of the Corporation ranking junior to the Preferred Shares unless all dividends up to and including the dividend payable for the last completed period for which such dividends shall be payable on each series of the Preferred Shares then issued and outstanding shall have been declared and paid or set apart for payment at the date of such call for redemption or purchase.

(f) The holders of the Preferred Shares shall not, as such, be entitled as of right to subscribe for or to purchase or receive the whole or any part of any shares, bonds, debentures or other securities or

any rights to acquire the same, which may from time to time be issued by the Corporation except in accordance with any conversion rights set forth in the rights, restrictions, conditions, limitations and prohibitions attaching to the Preferred Shares of any series.

(g) The holders of the Preferred Shares shall not be entitled as such (except as hereinafter specifically provided or as otherwise provided in any series or as may be required under the Canada Business Corporations Act) to receive notice of or to attend any meeting of the shareholders of the Corporation or to vote at any such meeting unless and until the Corporation from time to time shall fail to pay in the aggregate four (4) half-yearly dividends (or eight (8) quarterly dividends on the Preferred Shares of any series payable on a quarterly basis) on the Preferred Shares of any series on the dates on which the same should be paid according to the terms thereof and unless and until four (4) half-yearly dividends (or eight (8) quarterly dividends, as the case may be) on such shares shall remain outstanding and be unpaid whether or not consecutive and whether or not such dividends have been declared and whether or not there are any moneys of the Corporation properly applicable to the payment of dividends; thereafter but only so long as any dividends on the Preferred Shares of any series remain in arrears the holders of the Preferred Shares shall be entitled to receive notice of and to attend all meetings of shareholders of the Corporation at which directors of the Corporation are to be elected and shall be entitled, voting separately and as a class, to elect two (2) directors of the Corporation; for the purposes of such election the holders of the Preferred Shares shall have one (1) vote in respect of each Preferred Share held by each of such holders respectively. Nothing herein contained shall be deemed to limit the right of the Corporation from time to time to increase or decrease the number of or the minimum and maximum numbers of its directors.

Notwithstanding anything contained in the by-laws of the Corporation, all directors of the Corporation in office at any time when the right to elect directors shall accrue to the holders of Preferred Shares as herein provided, or who may be elected as directors thereafter and before a meeting of shareholders hereinafter referred to, shall retire at the next annual meeting of shareholders or at a general meeting of shareholders which may be held for the purpose of electing directors at any time after the accrual of such right without prejudice to their right to stand for re-election. Any such general meeting of shareholders to elect directors may be called upon not less than twenty-one (21) days' written notice and shall be called by the secretary of the Corporation upon the written request of the holders of record of at least one-tenth (1/10th) of the outstanding Preferred Shares. In default of the calling of such general meeting by the secretary within ten (10) days after the making of such request, such meeting may be called by any holder of record of Preferred Shares. Any vacancy occurring among members of the board elected to represent the holders of Preferred Shares in accordance with the foregoing provisions may be filled by the board of directors with the consent and approval of the remaining director elected to represent the holders of Preferred Shares. If there be no such remaining director, the board may elect or appoint sufficient holders of Preferred Shares to fill the vacancies. Whether or not such vacancy or vacancies is or are filled by the board, the holders of record of at least one-tenth (1/10th) of the outstanding Preferred Shares shall have the right to require the secretary of the Corporation to call a meeting of the holders of Preferred Shares for the purpose of filling the vacancy or vacancies and the provisions of this paragraph shall apply with respect to the calling of any such meeting.

Notwithstanding anything contained in the by-laws of the Corporation (i) upon any termination of the voting rights of the holders of the Preferred Shares, the term of office of the directors elected to represent the holders of Preferred Shares shall forthwith terminate and (ii) the holding of one (1) Preferred Share shall be sufficient to qualify a person for election or appointment as a director of the Corporation to represent the holders of Preferred Shares.

(h) The provisions of paragraphs (a) to (g) inclusive, of this paragraph (h) and of paragraph (i) or any of them may be deleted, varied, modified, amended or amplified by articles of amendment but only with the prior approval of the holders of the Preferred Shares given as hereinafter specified in addition to any other approval required by the Canada Business Corporations Act.

(i) The approval of the holders of the Preferred Shares with respect to any and all matters referred to herein may be given by reorganization or arrangement under the Canada Business Corporations Act or may be given in writing by the holders of all the Preferred Shares for the time being outstanding or by resolution duly passed and carried by not less than two-thirds (2/3) of the votes cast on a poll at a meeting of the holders of the Preferred Shares duly called and held for the purpose of considering the subject matter of such resolution and at which holders of not less than a majority of all Preferred Shares then outstanding are present in person or represented by proxy in accordance with the by-laws of the Corporation; provided, however, that if at any such meeting, when originally held, the holders of at least a majority of all Preferred Shares then outstanding are not present in person or so represented by proxy within thirty (30) minutes after the time fixed for the meeting, then the meeting shall be adjourned to such date, being not less than fifteen (15) days later, and to such time and place as may be fixed by the chairman of such meeting and, at such adjourned meeting, the holders of Preferred Shares present in person or so represented by proxy, whether or not they hold more or less

than a majority of all Preferred Shares then outstanding, may transact the business for which the meeting was originally called, and a resolution duly passed and carried thereat by not less than two-thirds (2/3) of the votes cast on a poll at such adjourned meeting shall constitute the approval of the holders of the Preferred Shares hereinbefore mentioned. Notice of any such original meeting of the holders of the Preferred Shares shall be given not less than twenty-one (21) days prior to the date fixed for such meeting and shall specify in general terms the purpose for which the meeting is called, and notice of any such adjourned meeting shall be given not less than ten (10) days prior to the date fixed for such adjourned meeting, but it shall not be necessary to specify in such notice the purpose for which the adjourned meeting is called. The formalities to be observed with respect to the giving of notice of any such original meeting or adjourned meeting and the conduct thereof shall be those from time to time prescribed in the by-laws of the Corporation with respect to meetings of shareholders. On every poll taken at any such original meeting or adjourned meeting the holders of Preferred Shares present in person or so represented by proxy shall be entitled to one (1) vote in respect of each Preferred Share held by each of such holders respectively.

**Provided, however that**

The first series of the Preferred Shares shall consist of five million (5,000,000) 4 3/4% Cumulative Redeemable Voting Preferred Shares, Series A (hereinafter referred to as the "Preferred Shares Series A"). The Preferred Shares Series A shall, in addition to the preferences, rights, restrictions, conditions, limitations and prohibitions attaching to the Preferred Shares as a class, have attached thereto the following rights, restrictions, conditions, limitations and prohibitions:

(aa) The holders of the Preferred Shares Series A shall be entitled to receive, and the Corporation shall pay thereon, as and when declared by the board of directors, out of moneys of the Corporation properly applicable to the payment of dividends, fixed cumulative preferential cash dividends at the rate of four and three-quarters per cent (4 3/4%) per annum on the amounts paid up thereon, payable in half-yearly instalments in lawful money of Canada on the first days of May and November in each year (each of which dates is hereinafter called a "dividend payment date"). Such dividends shall accrue from such date or dates as may be determined by the board of directors of the Corporation prior to the issue of such shares. Warrants or cheques of the Corporation payable at par at any branch of the Corporation's bankers for the time being in Canada (far northern branches excepted) may be issued in respect of such dividends and payment thereof shall satisfy such dividends. If, on any dividend payment date, the dividend payable on such date is not paid in full on all the Preferred Shares Series A then issued and outstanding, such dividend or the unpaid part thereof shall be paid on a subsequent date or dates determined by the board of directors on which the Corporation shall have sufficient moneys properly applicable to the payment thereof. The holders of the Preferred Shares Series A shall not be entitled to any dividends other than or in excess of the preferential dividends for which provision is expressly made herein.

(bb) In the event of the liquidation, dissolution or winding up of the Corporation or any other distribution of assets of the Corporation amongst its shareholders for the purpose of winding up its affairs, the holders of the Preferred Shares Series A then outstanding shall be entitled to receive, in lawful money of Canada, the amount paid up on such Preferred Shares Series A, together with an amount equal to all dividends, if any, accrued thereon up to the date of distribution and then remaining unpaid, whether or not earned or declared (which dividends, for such purpose, shall be calculated as if such dividends were accruing from day to day), the whole before any amount shall be paid to, or any assets of the Corporation distributed amongst, holders of the Common Shares or of any other shares of the Corporation ranking junior to the Preferred Shares Series A. After payment to the holders of the Preferred Shares Series A of the amounts so payable to them, they shall not be entitled to share in any further distribution of the assets of the Corporation.

(cc) Subject to the provisions of the Canada Business Corporations Act and subject to the provisions of paragraph (e) of the provisions attaching to the Preferred Shares as a class, the Corporation may at any time or from time to time purchase in the open market (including purchase through or from an investment dealer or a member of a recognized stock exchange) or by invitation for tenders addressed to all the holders of record of Preferred Shares Series A, the whole or any part of the Preferred Shares Series A outstanding from time to time, at the lowest price at which, in the opinion of the board of directors of the Corporation, such shares are obtainable, but not exceeding an amount equal to the amount paid up on such Preferred Shares Series A together with an amount equal to all dividends, if any, accrued thereon up to the date of purchase and then remaining unpaid, whether or not earned or declared, (which dividends, for such purpose, shall be calculated as if such dividends were accruing from day to day) plus costs of purchase. If, upon any invitation for tenders under the provisions of this paragraph (cc), the Corporation shall receive tenders of Preferred Shares Series A at the same lowest price which the Corporation may be willing to pay in an aggregate number greater than the number which the Corporation is then prepared to purchase, the Preferred Shares Series A so to be purchased shall be purchased from each of the holders of Preferred Shares Series A who shall

have submitted tenders at the said same lowest price, as nearly as possible *pro rata* (disregarding fractions) according to the number of Preferred Shares Series A so tendered by each of such holders. From and after the date of purchase of any Preferred Shares Series A, the shares so purchased shall be cancelled and the stated capital account of the Corporation shall be adjusted to such extent and in such manner as may be required under section 37 of the Canada Business Corporations Act.

(dd) Subject to the provisions of the Canada Business Corporations Act and subject to the provisions of paragraph (e) of the provisions attaching to the Preferred Shares as a class, the Corporation may at its option redeem the whole at any time or any part from time to time of the Preferred Shares Series A from time to time outstanding on payment, in lawful money of Canada, for each share to be redeemed of the amount paid up on such share together with an amount equal to all dividends, if any, accrued thereon up to the date fixed for redemption and then remaining unpaid, whether or not earned or declared (which dividends, for such purpose, shall be calculated as if such dividends were accruing from day to day). If part only of the then outstanding Preferred Shares Series A is at any time to be redeemed, the Preferred Shares Series A so to be redeemed shall be selected by lot in such manner as the board of directors or the transfer agent appointed by the Corporation in respect of the Preferred Shares Series A shall decide or, if the board of directors so determines, may be redeemed *pro rata* from each of the holders of Preferred Shares Series A, fractions of shares to be disregarded.

Notice of any such redemption shall be given by the Corporation not less than thirty (30) days prior to the date fixed for redemption by mailing, by ordinary unregistered mail, such notice to the registered holders of the Preferred Shares Series A to be redeemed at their respective addresses appearing in the books of the Corporation or, in the event of the address of any shareholder not so appearing, then to the last known address of such shareholder. Accidental failure or omission to give such notice to one (1) or more of such holders shall not affect the validity of such redemption as to the other holders, but upon such failure or omission being discovered notice shall be given forthwith and shall have the same force and effect as if given in due time. Such notice shall set out the redemption price and the date fixed for redemption and, if part only of the Preferred Shares Series A held by the person to whom any such notice is addressed is to be redeemed, the number of such Preferred Shares Series A so held by such person so to be redeemed. On or after the date fixed for redemption, the Corporation shall pay or cause to be paid the redemption price to or to the order of the registered holders of the Preferred Shares Series A to be redeemed on presentation and surrender, at the registered office of the Corporation or at any other place or places within Canada designated in such notice, of the certificate representing the Preferred Shares Series A so called for redemption. Such payment may be made by warrant or cheque payable at par at any branch of the Corporation's bankers for the time being in Canada (far northern branches excepted). If less than all the Preferred Shares Series A represented by any such certificate are redeemed, a new certificate shall be issued, without charge to the holder, in respect of the unredeemed Preferred Shares Series A represented by such certificate. From and after the date fixed for redemption, the holders of the Preferred Shares Series A called for redemption shall cease to be entitled to dividends and shall not be entitled to exercise any of the rights of shareholders in respect of such shares, unless payment of the redemption price shall not be made upon presentation and surrender of such certificates in accordance with the foregoing provisions, in which event the rights of the holders shall remain unaffected. At any time after the mailing of notice of its intention to redeem any Preferred Shares Series A, the Corporation shall have the right to deposit the redemption price of such Preferred Shares Series A so called for redemption, or of such of the said shares represented by certificates which have not at the date of such deposit been surrendered by the holders thereof in connection with such redemption, to the credit of a special account in any chartered bank or trust company in Canada, of which notice shall have been or shall be given to the holders of the Preferred Shares Series A so called for redemption, to be paid, on or after the date fixed for redemption, without interest, to or to the order of the respective registered holders of such Preferred Shares Series A called for redemption, on presentation and surrender to such chartered bank or trust company of the certificates representing the same. Upon such deposit being made or upon the date specified for redemption in such notice, whichever is the later, the Preferred Shares Series A in respect of which such deposit shall have been made shall be redeemed and the rights of the holders thereof, after such deposit or such redemption date, as the case may be, shall be limited to the right to receive, without interest, from the depositary their proportionate part of the amount so deposited, on presentation and surrender of their respective certificates. Any interest allowed on any such deposit shall belong to the Corporation. In the event of any redemption hereunder, the stated capital account of the Corporation shall be adjusted to such extent and in such manner as may be required under section 37 of the Canada Business Corporations Act.

(ee) The Corporation shall not, without the prior approval of the holders of the Preferred Shares Series A given as hereinafter specified, declare or pay any dividends (other than stock dividends in shares of the Corporation ranking junior to the Preferred Shares Series A) on any shares of the Corporation

ranking junior to the Preferred Shares Series A, or redeem or purchase or make any capital distribution in respect of any shares of the Corporation ranking junior to the Preferred Shares Series A (except out of the net cash proceeds of a substantially concurrent issue of shares of the Corporation ranking junior to the Preferred Shares Series A), unless, after giving effect to such action, the sum of

(i) all amounts declared and paid or payable subsequent to June 30, 1967 as dividends (other than stock dividends in shares of the Corporation ranking junior to the Preferred Shares Series A) on all shares of all classes of the Corporation; and

(ii) all amounts paid subsequent to June 30, 1967 on or in connection with any purchase or redemption or by way of capital distribution in respect of shares of the Corporation ranking junior to the Preferred Shares Series A;

would not exceed the aggregate of the consolidated net income of the Corporation and its subsidiaries accrued subsequent to June 30, 1967, plus the consideration received by the Corporation subsequent to June 30, 1967 on the issue of shares of the Corporation ranking junior to the Preferred Shares Series A, plus twenty million dollars ($20,000,000).

"Consolidated net income" as used in this paragraph (ee) means the aggregate of the net incomes of the Corporation and its subsidiaries (after all charges and expenses and taxes, including taxes on income) determined in accordance with generally accepted accounting principles, after making due allowance for minority interests, if any, and appropriate provision for the elimination and adjustment of inter-corporate items and after excluding any equity interest in the undistributed income of any corporation or body corporate which is not a subsidiary, provided that the net income of any corporation or body corporate which becomes a subsidiary after June 30, 1967 shall be included only for the period during which such corporation or body corporate is a subsidiary.

"Subsidiary" as used herein means any corporation or body corporate of which more than fifty per cent (50%) of the outstanding shares carrying voting rights at all times (provided that the ownership of such shares confers the right at all times to elect at least a majority of the board of directors of such corporation or body corporate) are for the time being owned by or held for the Corporation and/or any other corporation or body corporate in like relation to the Corporation and includes any corporation or body corporate in like relation to a subsidiary.

"The consideration received by the Corporation subsequent to June 30, 1967 on the issue of shares of the Corporation ranking junior to the Preferred Shares Series A" shall for the purposes of this paragraph (ee) be determined as follows:

(i) In case the Corporation shall at any time issue any Additional Common Shares for cash, the consideration received by the Corporation therefor shall be deemed to be the amount of cash received by the Corporation for such Additional Common Shares before deducting therefrom the amount of any commission, discount or other expenses which may have been paid or incurred by the Corporation for any underwriting of, or otherwise in connection with the issuance or sale of, such Additional Common Shares.

(ii) In case the Corporation shall at any time issue Additional Common Shares as a dividend on or in payment or satisfaction of any dividend on any shares of the Corporation, the amount of the consideration received by the Corporation for such Additional Common Shares (a) where such issuance is made in payment or satisfaction of fixed cumulative dividends shall be deemed to be the amount of the obligation in respect of such dividends that shall be discharged by the issuance of such Additional Common Shares and (b) in all other cases, shall be deemed to be nil. The Additional Common Shares so issued shall be deemed to have been issued immediately after the opening of business on the day following the date fixed for the determination of shareholders entitled to receive such dividend.

(iii) In case the Corporation shall at any time issue Additional Common Shares, otherwise than upon the conversion or exchange of obligations or shares of the Corporation which are convertible into Common Shares, for a consideration other than cash or a consideration part of which shall be other than cash the amount of such consideration other than cash received by the Corporation therefor shall be deemed to be the market value of the Additional Common Shares on the date the issue thereof is authorized by the board of directors of the Corporation less the cash received, if any. The term "market value" shall mean the last reported sale price of Common Shares of the same class on The Toronto Stock Exchange on such date. In the event there is no reported sale of such Common Shares on such date on the said Exchange, the term "market value" shall mean the mean between the bid and asked quotations for such Common Shares at the close of trading on The Toronto Stock Exchange on such date. In the event such Common Shares are not listed on The Toronto Stock Exchange on such date but are listed on another stock exchange or stock exchanges in Canada the foregoing references to The Toronto Stock Exchange shall be deemed to be references to such other stock

exchange, or, if more than one, to such one as shall be designated for such purpose by the board of directors of the Corporation. In the event such Common Shares are not listed on any stock exchange in Canada on such date the amount of such consideration other than cash received by the Corporation shall be the value thereof as determined by the board of directors of the Corporation.

(iv) In case the Corporation shall at any time issue Additional Common Shares upon conversion of any obligations of the Corporation which are convertible into Common Shares, the amount of the consideration received by the Corporation for such Additional Common Shares shall be deemed to be the principal amount of such obligations so converted into such Additional Common Shares plus the amount, if any, paid to the Corporation on such conversion or less the amount, if any, paid by the Corporation to the holders thereof on such conversion, or less the value (determined as provided in subparagraph (vi) below) of any fractional interest or interests in a right to subscribe for a Common Share in respect of which the Corporation issues a scrip certificate on such conversion, as the case may be.

(v) In case the Corporation shall at any time issue Additional Common Shares upon conversion of any shares of the Corporation that shall be convertible into Common Shares, the amount of the consideration received by the Corporation for such Additional Common Shares shall be deemed to be the amount of the consideration received by the Corporation for the shares so converted, plus the amount, if any, paid to the Corporation on such conversion, or less the amount, if any, paid by the Corporation to the holders thereof on such conversion, or less the value (determined as provided in subparagraph (vi) below) of any fractional interest or interests in a right to subscribe for a Common Share in respect of which the Corporation issues a scrip certificate on such conversion, as the case may be. The amount of the consideration received by the Corporation for the shares so converted shall be computed in like manner to that provided in subparagraphs (i), (ii), (iii), (iv) and (vi) hereof, as appropriate.

(vi) In case the Corporation shall at any time issue Additional Common Shares upon the exercise of rights (including rights represented by the consolidation of fractional interests), warrants or options to subscribe for Common Shares the amount of the consideration received by the Corporation for such Additional Common Shares shall be the amount, if any, paid to the Corporation on the exercise of such rights, warrants or options plus the amount, if any, received by the Corporation for such rights, warrants or options. The consideration so received for such rights, warrants or options shall be determined as provided in subparagraphs (i), (ii) and (iii) hereof as appropriate; provided, however, that if such rights, warrants or options were issued in conjunction with other securities of the Corporation without a separate consideration therefor, all of the consideration for such rights, warrants or options and other securities shall be deemed to have been received for such other securities and such rights, warrants or options shall be deemed to have been issued without consideration, and provided further that if such rights, warrants or options were issued on conversion of obligations or shares of the Corporation into Common Shares the Corporation shall be deemed to have received for such rights, warrants or options an amount based upon the conversion price per Common Share at which such shares or obligations were so converted.

(vii) "Additional Common Shares" shall, for the purposes of subparagraphs (i), (ii), (iii), (iv), (v) and (vi) above, mean any Common Shares issued after October 15, 1967 in addition to the 50,000,000 Common Shares outstanding at such date, other than (i) Common Shares issued upon conversion of Preferred Shares Series A of the Corporation or on consolidation of scrip certificates issued in connection with such conversion; (ii) Common Shares issued on the exercise of stock options heretofore or hereafter granted to officers or employees of the Corporation or any subsidiary (as such term is defined in this paragraph (ee); and (iii) Common Shares issued to officers or employees of the Corporation or any subsidiary (as so defined) or to a trustee on their behalf pursuant to any stock purchase or analogous plan; but any subdivision or consolidation of Common Shares shall not constitute an issue of Additional Common Shares for the purposes of this paragraph (ee).

(viii) "Common Shares" shall, for the purposes of subparagraphs (i) to (vii) above, mean shares of any class in the capital of the Corporation which shall not bind the holders thereof to a fixed sum or percentage in respect of dividends and in the distribution of assets upon the liquidation, dissolution or winding up of the Corporation.

For the purposes of this paragraph (ee) the board of directors of the Corporation may from time to time determine the consolidated net income of the Corporation and its subsidiaries up to a date not more than ninety (90) days prior to the making of such determination and may determine such consolidated net income to be not less than a stated amount without determining the exact amount thereof; upon any such determination having been made by the board of directors, the consolidated net income of the Corporation and its subsidiaries up to any date within a period of

one hundred and eighty (180) days next following the date as of which such determination is made (unless any further determination is made within the said period) shall be conclusively deemed to be not less than the amount stated in such determination and such determination shall be conclusive and binding on the Corporation and the holders of shares of every class.

(ff) The Corporation shall not issue any Preferred Shares in addition to the five million (5,000,000) Preferred Shares Series A without the prior approval of the holders of the Preferred Shares Series A given as hereinafter specified unless the average annual consolidated net income of the Corporation and its subsidiaries for the two (2) fiscal years of the Corporation immediately preceding the date of issue of any such additional Preferred Shares shall have been at least equal to three (3) times the amount of the annual dividend requirements on all Preferred Shares to be outstanding after the issue of such additional Preferred Shares. A report of the Corporation's auditors for the time being as to whether the Corporation is or is not entitled to issue any additional Preferred Shares without the prior approval aforesaid shall be conclusive and binding on the Corporation and the holders of shares of every class. "Consolidated net income" as used in this paragraph (ff) shall have the meaning set forth in paragraph (ee) save that the net income of each subsidiary may be included for the period in respect of which such determination is made notwithstanding that any subsidiary was not a subsidiary during all or any part of such period.

(gg) No class of shares may be created or issued ranking as to capital or dividends prior to or on a parity with the Preferred Shares without the prior approval of the holders of the Preferred Shares Series A given as hereinafter specified nor shall the authorized amount of Preferred Shares be increased without such approval; provided that nothing in this clause (gg) contained shall prevent the Corporation from issuing additional series of the authorized Preferred Shares without such approval.

(hh) The holders of the Preferred Shares Series A shall be entitled to receive notice of all meetings of shareholders of the Corporation (other than any meetings of the holders of any particular series of Preferred Shares held separately and as a series, and other than any meetings of the holders of any other class of shares of the Corporation held separately and as a class) and to attend and vote thereat and shall have one (1) vote in respect of each Preferred Share Series A held by them respectively. The voting rights conferred by this paragraph (hh) are in addition to the voting rights to which the holders of Preferred Shares Series A are entitled pursuant to paragraph (g) of the provisions attaching to the Preferred Shares as a class.

(ii) The provisions of paragraphs (aa) to (hh) inclusive, of this paragraph (ii) and of paragraph (jj) or any of them may be deleted, varied, modified, amended or amplified by articles of amendment but only with the prior approval of the holders of the Preferred Shares Series A given as hereinafter specified in addition to any other approval required by the Canada Business Corporations Act.

(jj) The approval of the holders of the Preferred Shares Series A with respect to any and all matters referred to herein may be given by reorganization or arrangement under the Canada Business Corporations Act or may be given in writing by the holders of all the Preferred Shares Series A for the time being outstanding or by resolution duly passed and carried by not less than two-thirds (2/3) of the votes cast on a poll at a meeting of the holders of the Preferred Shares Series A duly called and held for the purpose of considering the subject matter of such resolution and at which holders of not less than a majority of all Preferred Shares Series A then outstanding are present in person or represented by proxy in accordance with the by-laws of the Corporation; provided, however, that if at any such meeting, when originally held, the holders of at least a majority of all Preferred Shares Series A then outstanding are not present in person or so represented by proxy within thirty (30) minutes after the time fixed for the meeting, then the meeting shall be adjourned to such date, being not less than fifteen (15) days later, and to such time and place as may be fixed by the chairman of such meeting and, at such adjourned meeting, the holders of Preferred Shares Series A present in person or so represented by proxy, whether or not they hold more or less than a majority of all Preferred Shares Series A then outstanding, may transact the business for which the meeting was originally called, and a resolution duly passed and carried thereat by not less than two-thirds (2/3) of the votes cast on a poll at such adjourned meeting shall constitute the approval of the holders of the Preferred Shares Series A hereinbefore mentioned. Notice of any such original meeting of the holders of the Preferred Shares Series A shall be given not less than twenty-one (21) days prior to the date fixed for such meeting and shall specify in general terms the purpose for which the meeting is called, and notice of any such adjourned meeting shall be given not less than ten (10) days prior to the date fixed for such adjourned meeting, but it shall not be necessary to specify in such notice the purpose for which the adjourned meeting is called. The formalities to be observed with respect to the giving of notice of any such original meeting or adjourned meeting and the conduct thereof shall be those from time to time prescribed in the by-laws of the Corporation with respect to meetings of shareholders. On every poll taken at any such original meeting or adjourned meeting the holders of Preferred Shares Series A present in person or so represented by proxy shall be entitled to one (1) vote in respect of each Preferred Share Series A held by each of such holders respectively.

# EXHIBIT "D"

# BY-LAW NO. 1

A by-law relating generally to the transaction of business and affairs of CANADIAN PACIFIC INVESTMENTS LIMITED — INVESTISSEMENTS CANADIEN PACIFIQUE LIMITEE.

## PART ONE

## Interpretation

1.01 **Definitions** — In this By-law, unless the context otherwise requires:

a) "Act" means the Canada Business Corporations Act and any statute that may be substituted therefor, as from time to time amended;

b) "Board" means the board of directors of the Corporation;

c) "Corporation" means Canadian Pacific Investments Limited — Investissements Canadien Pacifique Limitée;

d) "Meeting of Shareholders" means an annual meeting of shareholders and a special meeting of shareholders;

e) "Signing Officer" means, in relation to any instrument, any person authorized to sign the same on behalf of the Corporation by Section 2.01 or by a resolution passed pursuant thereto;

f) "Special Meeting of Shareholders" includes a meeting of the holders of any class or series of any class of shares of the Corporation; and

all terms and expressions defined in the Act and used herein shall have the same meaning herein as in the Act.

1.02 **Construction** — Words importing the singular include the plural and vice versa; words importing gender include the masculine, feminine and neuter genders; and words importing persons include individuals, bodies corporate, partnerships, trusts and unincorporated associations.

## PART TWO

## Business of the Corporation

2.01 **Execution of Instruments** — All instruments and documents of whatsoever kind may be signed on behalf of the Corporation by the Chairman or the Vice-Chairman or the President or a Vice-President or a director and by the Secretary or the Treasurer or an Assistant Secretary or an Assistant Treasurer or another director. The Board may, however, direct the person or persons by whom and the manner in which any particular instrument or document or class of instrument or document may or shall be signed, including the use of facsimile reproductions of signatures and the use of a corporate seal or a facsimile reproduction thereof.

2.02 **Corporate Seal** — The corporate seal of the Corporation shall be in the form impressed in the margin hereto. (CS)

2.03 **Banking** — The banking business of the Corporation shall be transacted with such banks, trust companies and other financial institutions as may be designated by the Board and shall be transacted under such agreements, instructions and delegations of powers as the Board may prescribe or authorize.

2.04 **Voting Rights in Other Bodies Corporate** — Except when otherwise directed by the Board, Signing Officers may execute and deliver proxies which unless required by applicable law need not be under corporate seal of the Corporation, and arrange for the issuance of any certificate or other evidence of the right to exercise the voting rights attaching to any securities held by the Corporation. Such certificate or other evidence shall be in favour of such person or persons as the Signing Officers executing or arranging for the issuance thereof may determine. The Board may direct the manner in which and the person or persons by whom any voting rights or class of voting rights shall be exercised.

2.05 **Information Available to Shareholders** — Subject to the Act and any other applicable law,

(a) no shareholder shall be entitled to discovery of any information respecting any details or conduct of the Corporation's business which in the opinion of the Board it would not be expedient, having regard to the interests of the shareholders and the Corporation, to communicate to the public;

(b) the Board may determine in any case whether and to what extent and at what time and place and under what conditions or regulations the records and any other documents and accounts of the Corporation, or any of them, shall be open to the inspection of shareholders; and

(c) no shareholder shall have any right of inspecting any record, document or account of the Corporation except as conferred by the Act, by resolution of the Board or by resolution passed at a Meeting of Shareholders.

2.06 **Financial Year** — Until changed by resolution of the Board, the financial year of the Corporation shall end on the thirty-first day of December in each year.

## PART THREE

### Borrowing

3.01 **Borrowing Power** — Without limiting the borrowing powers of the Corporation as set forth in the Act, the Board may from time to time:

(a) borrow money upon the credit of the Corporation;

(b) issue, reissue, sell or pledge debt obligations of the Corporation;

(c) mortgage, hypothecate, pledge or otherwise create a security interest in all or any property of the Corporation, then owned or subsequently acquired, to secure any debt obligation of the Corporation; and

(d) guarantee liabilities or debt obligations of any other person.

3.02 **Delegation** — The Board may from time to time delegate to any two officers of the Corporation, at least one of whom shall be the Chairman, the Vice-Chairman, the President or the Secretary, any or all of the powers set out in Section 3.01 to such extent and in such manner as the Board may determine.

## PART FOUR

### Directors

4.01 **Number of Directors and Quorum** — The number of directors of the Corporation shall be not less than sixteen nor more than twenty-one, and a majority of the number of directors then in office shall constitute a quorum for the transaction of business.

4.02 **Election and Term** — The directors shall be elected at each annual meeting of shareholders. Whenever the number of nominees exceeds the number of directors to be elected, a ballot may be taken in two or more parts so as to have a ballot for other than resident Canadians in order that a majority of the Board shall be resident Canadians. The number of directors to be elected shall be the number from time to time determined by resolution of the Board. Retiring directors shall, if otherwise qualified, be eligible for re-election.

4.03 **Meetings of the Board** — Meetings of the Board shall be held from time to time and at such place as the Board may from time to time determine. The Secretary shall call a meeting of the Board when directed to do so by the Chairman, the Vice-Chairman, the President, a Vice-President or any two directors.

4.04 **Notice** — No notice need be given of the first meeting of the Board following a Meeting of Shareholders at which directors are elected if such meeting of the Board is held immediately after the shareholders meeting. Notice of all other meetings of the Board shall be given to each director not less than forty-eight hours (excluding any non-business day) before the time when the meeting is to be held and may be given by mail, telegram or other written means. No action taken at any meeting of the Board shall be invalidated by the accidental failure to give notice or sufficient notice thereof to any director.

4.05 **Chairman of Board Meetings** — The chairman of any meeting of the Board shall be the first mentioned of the following officers who is also a director and is present at the meeting: the Chairman, the Vice-Chairman, the President, a Vice-President. If no such officer is present, the directors shall choose one of their number to chair the meeting.

4.06 **Voting** — At all Board meetings every question shall be decided by a majority of the votes cast thereon. In case of an equality of votes, the chairman of the meeting shall be entitled to a second or casting vote.

4.07 **Remuneration and Expenses** — The directors, in addition to such remuneration to be paid to them as the Board shall from time to time determine, shall be entitled to reimbursement for travelling and other expenses properly incurred by them in attending meetings of the Board or any committee thereof or in otherwise attending to the business and affairs of the Corporation. The Board may also award special remuneration to any director undertaking any service on behalf of the Corporation outside the duties ordinarily required of a director by the Corporation. No director who is also a salaried officer of the Corporation shall be entitled to any remuneration for the performance of his duties as a director.

## PART FIVE

### Committees of Directors

5.01 **Committees of Directors** — The Board may appoint a committee or committees of directors and delegate to such committee or committees any of the powers of the Board except those which under the Act must be exercised by the Board itself.

5.02 **Executive Committee** — The Board shall designate one of the committees appointed by it as the Executive Committee. It shall comprise at least three members who shall remain in office at pleasure of the Board and while still directors. It shall, subject to Section 5.01, be vested with all the ordinary powers and authority of the Board between meetings thereof. All acts and proceedings of the Executive Committee shall be reported to the Board at the next meeting thereof, but any right granted or obligation incurred pursuant to the authority of the Executive Committee shall be treated as valid and binding upon the Corporation.

5.03 **Audit Committee** — The Board shall elect from among its number an Audit Committee to be composed of at least three directors of whom a majority shall not be officers or employees of the Corporation or its affiliates. Members of the Audit Committee shall remain in office at pleasure of the Board and while still directors.

5.04 **Procedure** — Each committee shall meet at the call of the chairman thereof or, in his absence, at the call of a member for any time and place. The quorum of each committee shall be not less than a majority of its members. The powers of a committee may be exercised by a meeting at which a quorum is present or by resolution in writing signed by all members entitled to vote thereon.

## PART SIX

### Meetings of Shareholders

6.01 **Annual and Special Meetings** — The annual meeting of shareholders shall be held at such time in each year as the Board, the Chairman, the Vice-Chairman, or the President may from time to time determine, for the purpose of considering the financial statements and reports required by the Act to be placed before the annual meeting, electing directors, appointing an auditor and for the transaction of such other business as may properly be brought before the meeting. The Board, the Chairman, the Vice-Chairman or the President may call a Special Meeting of Shareholders at any time.

6.02 **Place of Meetings** — Meetings of Shareholders shall be held at the registered office of the Corporation or, if the Board shall so determine, at some other place within Canada.

6.03 **Presiding Officer** — The chairman of any Meeting of Shareholders shall be the first mentioned of such of the following officers as have been appointed and is present at the meeting: the Chairman, the Vice-Chairman, the President, a Vice-President who is also a director. In the absence of such officers, the shareholders shall choose one of their number to chair the meeting. If no Secretary or Assistant Secretary is present, the chairman of the meeting shall appoint a person, who need not be a shareholder, to act as secretary of the meeting.

6.04 **Persons Entitled to be Present** — The only persons entitled to be present at a Meeting of Shareholders shall be those entitled to vote thereat, the directors and auditors of the Corporation and others who, although not entitled to vote, are entitled or required under any provision of the Act, the Articles or the By-laws to be present. Any other person may be admitted only with the consent of the chairman of the meeting or with the consent of the meeting.

6.05 **Quorum** — A quorum for the transaction of business at any Meeting of Shareholders shall be two persons present in person, each being a shareholder entitled to vote thereat or a duly appointed proxyholder for such a shareholder, and together holding or representing a majority of the outstanding shares of the Corporation entitled to vote at the meeting.

6.06 **Right to Vote** —

(1) Where a person holds shares as a personal representative, he or his proxyholder, upon filing with the secretary of the meeting sufficient proof of his appointment, shall be entitled to vote at all Meetings of Shareholders in respect of the shares so held by him.

(2) A shareholder who has mortgaged or hypothecated his shares shall retain the right to vote such shares, unless in the instrument creating the mortgage or hypothec he has expressly assigned the voting rights attaching to such shares in which event the mortgagee or hypothecary creditor or his proxyholder, upon filing with the secretary of the meeting sufficient proof of such assignment, shall be the person entitled to vote in respect of such shares.

6.07 **Scrutineers** — At any Meeting of Shareholders, the chairman of the meeting may with the consent of the meeting appoint one or more persons, who may be shareholders, to serve as scrutineers.

6.08 **Votes to Govern** — At any Meeting of Shareholders, unless a special resolution is required, all questions shall be decided by the majority of votes cast on the question.

6.09 **Voting** — Upon a show of hands each person present and entitled to vote shall have one vote; a declaration by the chairman of the meeting that the question has been carried, carried by a particular majority or not carried and an entry to that effect in the minutes of the meeting shall be prima facie evidence of such fact; and the result of the vote so taken and declared shall be the decision of the shareholders upon the said question.

The chairman of the meeting and any shareholder or proxyholder entitled to vote thereat may require or demand a ballot upon any question, but such requirement or demand may be withdrawn at any time prior to the taking of the ballot. The ballot shall be taken in such manner as the chairman of the meeting shall direct. On a ballot, each shareholder present in person or by proxy shall be entitled, in respect of the shares which he is entitled to vote at the meeting upon the question, to the number of votes provided by the Articles or the Act and the result of the ballot so taken shall be the decision of the shareholders upon the said question.

## PART SEVEN

### Officers

7.01 **Appointment** — The Board may from time to time elect or appoint officers with such duties and powers and for such terms of office as the Board deems advisable and, in particular, a Chairman, a Vice-Chairman, a President, one or more Vice-Presidents (to which title may be added words indicating seniority or function), a Secretary and a Treasurer (who may also be Vice-Presidents), and one or more assistants to any of the officers so elected or appointed.

7.02 **Chairman, Vice-Chairman and President** — The Chairman, Vice-Chairman and President shall each be a director and shall have such powers and duties as the Board may specify.

7.03 **Chief Executive Officer** — The Board may designate the Chairman, the Vice-Chairman or the President as Chief Executive Officer of the Corporation who, as such, shall, subject to the authority of the Board, have general supervision over the business of the Corporation.

7.04 **Vice-Presidents** — Each Vice-President shall have such powers and duties as the Board or the Chief Executive Officer may specify. The Board may designate a vice-president as the Executive Vice-President in which event he shall be deemed to be the Vice-President with greatest seniority and shall be vested with all the powers and perform all the duties of the President in the absence or disability of the President.

7.05 **Secretary** — The Secretary shall attend and be the secretary of all meetings of the Board, committees of the Board, and shareholders and shall maintain minutes of all proceedings thereat. He shall give, or cause to be given as and when instructed, all notices to shareholders, directors, officers, auditors and members of committees of the Board and shall be custodian of the corporate seal and records of the Corporation, except when another officer has been appointed for that purpose, and he shall have such other powers and duties as the Board or the Chief Executive Officer may specify. The Assistant Secretary or, if more than one, the Assistant Secretaries, shall assist the Secretary in the performance of his duties and shall exercise all his powers and carry out all his duties in the absence or disability of the Secretary.

7.06 **Treasurer** — The Treasurer shall have the care and custody of all funds and securities of the Corporation and shall deposit same in the name of the Corporation in such banks, trust companies or other financial institutions as the Board may designate, provided that he may from time to time arrange for the temporary deposit of funds and securities of the Corporation in banks, trust companies or other financial institutions within or outside Canada not so designated by the Board for the purpose of facilitating transfer thereof to the credit of the Corporation in a bank, trust company or other financial institution so designated. The books and accounts shall at all times be open to inspection and examination by the Board, by the Executive Committee, by the President or by any person appointed by the Board for that purpose. He shall sign or countersign such instruments as require his signature and shall perform all duties incident to his office. The Treasurer shall have such other powers and duties as the Board or the Chief Executive Officer may specify. The Assistant Treasurer, or if more than one, the Assistant Treasurers, shall assist the Treasurer in the performance of his duties and shall exercise all his powers and carry out all his duties in the absence or disability of the Treasurer.

7.07 **Term of Office** — The Board, in its discretion, may remove any officer of the Corporation, without prejudice to the rights of such officer under any employment contract. Otherwise each officer of the Corporation shall hold office until his successor is elected or appointed or until his earlier resignation.

7.08 **Agents and Attorneys** — The Board may appoint agents or attorneys of the Corporation within or outside Canada with such powers and duties as it may deem fit.

7.09 **Fidelity Bonds** — The Board may require such officers, employees and agents of the Corporation as it deems advisable to furnish bonds for the faithful discharge of their powers and duties, in such form and with such surety as the Board may from time to time determine.

## PART EIGHT

### Indemnity

8.01 **Limitation of Liability** — No director or officer shall be liable for the acts, receipts, neglects or defaults of any other director, officer, employee or agent, or for joining in any receipt or other act for conformity, or for any loss, damage or expense happening to the Corporation through the insufficiency or deficiency of title to any property or for the insufficiency or deficiency of any security in or upon which any of the moneys of the Corporation shall be invested, or for any loss or damage arising from the bankruptcy, insolvency or tortious acts of any person with whom any of the moneys, securities or effects of the Corporation shall be deposited, or for any loss occasioned by any error of judgment or oversight on his part, or for any other loss, damage or misfortune whatever which shall happen in the execution of the duties of his office or in relation thereto, unless the same are occasioned by his own wilful neglect or default; provided that nothing herein shall relieve any director or officer from the duty to act in accordance with the Act and the regulations thereunder or from liability for any breach thereof.

8.02 **Indemnity** —

(1) Subject to Subsection (2) of this Section 8.02, the Corporation shall indemnify a director or officer, a former director or officer, or a person who acts or acted at the request of the Corporation as a director or officer of a body corporate of which the Corporation is or was a shareholder or creditor and his heirs and legal representatives, against all costs, charges and expenses, including an amount paid to settle an action or satisfy a judgment, reasonably incurred by him in respect of any civil, criminal or administrative action or proceeding to which he is made a party by reason of being or having been a director or officer of the Corporation or such body corporate, if

(a) he acted honestly and in good faith with a view to the best interests of the Corporation; and

(b) in the case of a criminal or administrative action or proceeding that is enforced by a monetary penalty, he had reasonable grounds for believing that his conduct was lawful.

(2) No director or officer of the Corporation shall be indemnified by the Corporation in respect of any liability, costs, charges or expenses that he sustains or incurs in or about any action, suit or other proceeding as a result of which he is adjudged to be in breach of any duty or responsibility imposed upon him under the Act or under any other statute unless, in an action brought against him in his capacity as director or officer, he has achieved complete or substantial success as a defendant.

8.03 **Insurance** — Subject to the limitations contained in the Act, the Corporation may purchase, maintain or participate in such insurance for the benefit of the persons mentioned in Section 8.02, as the Board may from time to time determine.

## PART NINE

### Shares

9.01 **Allotment** — Subject to the Articles, the Board may from time to time allot or grant options to purchase the whole or any part of the authorized and unissued shares of the Corporation at such times and to such persons and for such consideration as the Board shall determine.

9.02 **Share Certificates** — Every holder of one or more shares of the Corporation shall be entitled, at his option, to a share certificate, or to a non-transferable written acknowledgment of his right to obtain a share certificate, stating the number and class or series of shares held by him as shown on the securities register. Share certificates and acknowledgments of a shareholder's right to a share certificate, respectively, shall be in such form as is required by law and as the Board shall from time to time approve.

9.03 **Securities Registrars, Transfer Agents and Dividend Disbursing Agents** — The Board may from time to time appoint a Registrar to maintain the securities register and a Transfer Agent to maintain the register of transfers and may also appoint one or more Branch Registrars to maintain branch securities registers and one or more Branch Transfer Agents to maintain branch registers of transfers. The Board may also from time to time appoint a Dividend Disbursing Agent to disburse dividends. One person may be appointed to any number of the aforesaid positions. The Board may at any time terminate any such appointment.

9.04 **Joint Shareholders** — If two or more persons are registered as joint holders of any share, the Corporation shall not be bound to issue more than one certificate in respect thereof, and delivery of such certificate to one of such persons shall be sufficient delivery to all of them. Any of such persons may give

effectual receipts for the certificate issued in respect thereof or for any dividend, bonus, return of capital or other money payable or warrant issuable in respect of such share.

9.05 **Deceased Shareholders** — In the event of the death of a holder, or of one of the joint holders, of any share, the Corporation shall not be required to make any entry in the securities register in respect thereof or to make payment of any dividends thereon except upon production of all such documents as may be required by law and upon compliance with the reasonable requirements of the Corporation and its Transfer Agent.

9.06 **Lost, Defaced or Destroyed Certificates** — The Board, or any officer or agent designated by it, may in its or his discretion, direct the issue of a new share certificate in lieu of and upon cancellation of a share certificate that has become mutilated or defaced or in substitution for a certificate that has become lost, stolen or destroyed upon payment of such fee, if any, and on such terms as the Board may from time to time prescribe whether generally or in any particular case.

## PART TEN

## Dividends and Rights

10.01 **Dividends** — Subject to the Act and the Articles, the Board may from time to time declare and the Corporation may pay dividends on its issued shares to the shareholders according to their respective rights and interests in the Corporation.

10.02 **Dividend Cheques** — A dividend payable in cash shall be paid by cheque drawn either on the bankers of the Corporation or those of its Dividend Disbursing Agent to the order of each registered holder of shares of the class or series in respect of which it has been declared and mailed by prepaid ordinary mail to such registered holder at his recorded address, unless such holder otherwise directs. In the case of joint holders the cheque shall, unless such joint holders otherwise direct, be made payable to the order of all such joint holders and mailed to them at their recorded address, or to the first address so appearing if there are more than one. The mailing of such cheque as aforesaid, unless the same is not paid on due presentation, shall satisfy and discharge the liability for the dividend to the extent of the sum represented thereby plus the amount of any tax which the Corporation is required to and does withhold.

10.03 **Non-receipt of Cheques** — In the event of non-receipt of any dividend cheque by the person to whom it is sent as aforesaid, the Corporation or its Dividend Disbursing Agent shall issue to such person a replacement cheque for a like amount on such terms as to indemnity, reimbursement of expenses and evidence of non-receipt and of title as the Board may from time to time prescribe whether generally or in any particular case.

## PART ELEVEN

## Notices

11.01 **Method of Giving Notices** — Any notice (which term includes any communication or document) to be given (which term includes sent, delivered or served) pursuant to the Act, the regulations thereunder, the Articles, the By-laws or otherwise to a shareholder, director, officer, auditor or member of a committee of the Board shall be sufficiently given if delivered personally to the person to whom it is to be given or if delivered to his recorded address or if mailed to him at his recorded address by prepaid ordinary or air mail or if sent to him at his recorded address by any means of prepaid transmitted or recorded communication. A notice so delivered shall be deemed to have been given when it is delivered personally or at the recorded address aforesaid; a notice so mailed shall be deemed to have been given when deposited in a post office or public letter box; and a notice so sent by any means of transmitted or recorded communication shall be deemed to have been given when dispatched or delivered to the appropriate communication company or agency or its representative for dispatch. The term "recorded address" means in the case of a shareholder his address as recorded in the register of shareholders and in the case of a director, officer or auditor his address as recorded in the records of the Corporation. The Secretary may change or cause to be changed the recorded address of any shareholder, director, officer, auditor or member of a committee of the Board in accordance with any information believed by him to be reliable.

11.02 **Notice to Joint Shareholders** — If two or more persons are registered as joint holders of any share, any notice shall be addressed to all of such joint holders but notice to one of such persons shall be sufficient notice to all of them. The address to be used for the purpose of giving notices shall be the address appearing on the register of shareholders in respect of such joint holding, or the first address so appearing if there are more than one.

11.03 **Omissions and Errors** — The accidental omission to give any notice to any shareholder, director, officer, auditor or member of a committee of the Board or the non-receipt of any notice by any such person or any error in any notice shall not invalidate such notice or any action taken at any meeting held pursuant to such notice or otherwise founded thereon.

11.04 **Persons Entitled by Death or Operation of Law** — Every person who, by operation of law, transfer, death of a shareholder or any other means whatsoever shall become entitled to any share, shall be bound by every notice in respect of such share which shall have been duly given to the shareholder from whom he derives his title to such share prior to his name and address being entered on the securities register (whether such notice was given before or after the happening of the event upon which he became so entitled) and prior to his furnishing to the Corporation the proof of authority or evidence of his entitlement prescribed by the Act.

11.05 **Waiver of Notice** — Any director, officer, auditor or member of a committee of the Board may at any time waive any notice, or waive or abridge the time for any notice, required to be given to him under any provision of the Act, the regulations thereunder, the Articles, the By-laws or otherwise and such waiver or abridgement shall cure any default in the giving or in the time of such notice, as the case may be. Any such waiver or abridgement shall be in writing except a waiver of notice of a Meeting of Shareholders or of the Board which may be given in any manner.

## PART TWELVE

## Effective Date and Repeal

12.01 **Effective Date** — Subject to the Act, this By-law shall come into force upon issuance under the Act of a certificate of continuance in respect of the Corporation.

12.02 **Repeal** — All previous By-laws of the Corporation are repealed as of the coming into force of this By-law provided that such repeal shall not affect the previous operation of any By-law so repealed or affect the validity of any act done or right, privilege, obligation or liability acquired or incurred under or the validity of any contract or agreement made pursuant to any such By-law prior to its repeal. All officers and persons acting under any By-law so repealed shall continue to act as if appointed under the provisions of this By-law and all resolutions of the shareholders or the Board with continuing effect passed under any repealed By-law shall continue to be valid except to the extent inconsistent with this By-law and until amended or repealed.